ACERO-MARTIN EXPLORATIONS INC.

Consolidated Financial Statements

March 31, 2009

(unaudited – prepared by management)

ACERO-MARTIN EXPLORATION INC.

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MANAGEMENT'S COMMENTS ON
UNAUDITED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited interim consolidated financial statements of Acero-Martin Exploration Inc., as at March 31, 2009 and for the three months then ended have been prepared by and is the responsibility of the Company's management. In accordance with National Instrument 51 – 102, the company discloses that its auditors have not reviewed the accompanying unaudited interim financial statements as at March 31, 2009 and for the three then ended.

ACERO-MARTIN EXPLORATION INC.

Consolidated Balance Sheets

(Unaudited – prepared by management)

	March 31, 2009	*December 31, 2008*
ASSETS		
Current:		
Cash and cash equivalents	**$ 32,102**	$ 199,628
Accounts receivable	**135,891**	131,950
Prepaid expenses and deposit	**46,385**	40,098
	214,378	371,676
Equipment	**487,065**	509,267
Resource properties	**5,830,551**	5,830,551
	$ 6,531,994	$ 6,711,494
LIABILITIES		
Current:		
Accounts payable and accrued liabilities	**$ 1,414,958**	$ 1,192,159
SHAREHOLDERS' EQUITY		
Capital stock	**48,022,134**	48,022,134
Contributed surplus	**4,574,762**	4,574,762
Deficit	**(47,479,860)**	(47,077,561)
	5,117,036	5,519,335
	$ 6,531,994	$ 6,711,494

APPROVED ON BEHALF OF THE BOARD:

"Wan Jung" *Director*

"Stewart Jackson" *Director*

ACERO-MARTIN EXPLORATION INC.

Consolidated Statements of Loss and Deficit

(unaudited – prepared by management)

	*Three Months Ended March 31, **2009***	*Three Months Ended March 31, 2008*
Revenues		
Interest and sundry	**$ 3,072**	$ 2,629
Expenses		
Amortization	**10,512**	17,298
Bank charges and interest	**1,203**	9,812
Consulting fees	**-**	25,229
Management fees	**24,000**	52,000
Mineral property exploration	**50,231**	628,423
Office rent and miscellaneous	**32,239**	26,045
Printing and shareholders' information	**660**	23,903
Professional fees	**7,067**	49,919
Stock-based compensation	**-**	507,704
Stock exchange fees and filing fees	**5,050**	11,707
Telephone and utilities	**7,527**	4,698
Travel and business development	**9,392**	65,548
Transfer agent fees	**3,889**	7,440
Wages	**187,158**	48,995
	338,928	1,487,721
Loss before the under-noted	**(335,856)**	(1,476,092)
Foreign exchange gain (loss)	**(66,443)**	(19,428)
Net loss for the period	**(402,299)**	(1,495,520)
Deficit, beginning of period	**(47,077,561)**	(42,439,305)
Deficit, end of period	**$ (47,479,860)**	$ (43,934,825)
Basic and diluted loss per share	**$ (0.01)**	$ (0.02)
Weighted average number of shares	**97,388,510**	63,459,751

ACERO-MARTIN EXPLORATION INC.

Consolidated Statements of Cash Flows

(unaudited – prepared by management)

	Three Months Ended March 31, 2009	*Three Months Ended March 31, 2008*
Cash flows from (used in) operating activities		
Net loss for the period	**$ (402,299)**	$ (1,495,520)
Item not involving cash		
Amortization	**10,512**	17,298
Stock-based compensation	**-**	507,704
	(391,787)	(970,518)
Net change in non-cash working capital balances*	**224,261**	258,415
	(167,526)	(712,103)
Cash flows used in investing activities		
Acquisition of property, plant and equipment	**-**	(29,536)
	-	(29,536)
Cash provided by financing activities		
Shares allotted	-	(43,050)
Funds advanced for share subscription	**-**	206,246
	-	163,196
Increase (decrease) in cash during the period	**(167,526)**	(578,443)
Cash, beginning of period	**199,628**	779,147
Cash, end of period	**$ 32,102**	$ 200,704
Supplementary information:		
Interest paid	$ -	$ -
Income taxes paid	$ -	$ -

1. NATURE AND BASIS OF OPERATIONS

The Company is in the process of exploring its resource properties and has not yet determined whether the resource properties contain reserves that are economically recoverable. The recoverability of amounts shown for the resource properties and related deferred exploration costs are dependent upon the discovery of economically recoverable reserves, confirmation of the company's interest in the underlying mineral claims, the ability of the company to obtain necessary financing to complete the development and upon future profitable production or proceeds from the disposition thereof. The business of mining and exploring for resources involves a high degree of risk and there can be no assurance that planned exploration and development programs will result in profitable mining operations. Changes in future conditions could require material write-downs of the carrying values of mineral property.

These interim consolidated financial statements should be read in conjunction with the consolidated financial statements of the company's most recently completed year ended December 31, 2007. These statements do not include all disclosures required in annual financial statements but rather are prepared in accordance with recommendations for interim financial statements in conformity with Canadian generally accepted accounting principles. These statements follow the same accounting policies and methods of their application as those followed in the December 31, 2008 consolidated financial statements.

These consolidated financial statements have been prepared using Canadian generally accepted accounting principals on the basis of a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business for the foreseeable future. The Company has incurred losses from inception and does not currently have any revenue generating operations. The Company's ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, in the meantime, to obtain the necessary financing to meet it obligations and repay its liabilities when the become due. External financing, predominately by the issuance of equity to the public, will be sought to finance the operations of the Company. These consolidated 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.

		March 31, 2009		December 31, 2008
Working capital (deficit)	$	(1,200,580)	$	(820,483)
Deficit		(47,479,860)		(47,077,561)

2. FUTURE CHANGES IN ACCOUNTING POLICIES

<u>New Accounting Pronouncements</u>:

i. In February 2008, the CICA issued Section 3064, *Goodwill and Intangible Assets,* replacing Section 3062, *Goodwill and Other Intangible Assets* and Section 3450, *Research and Development Costs.* The new pronouncement 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 goodwill are unchanged from the standards included in the previous Section 3062. This Section is effective in the first quarter of 2009, and the new standard does not have a material impact on the Company's consolidated financial statements.

ii. In January 2009, the CICA issued Handbook Sections 1582 - Business Combinations, 1601 - Consolidated Financial Statements and 1602 - Non-controlling Interests which replace CICA Handbook Sections 1581 - Business Combinations and 1600 - Consolidated Financial Statements. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards ("**IFRS**"). Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Early adoption of this Section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning January 1, 2011. Early adoption of this Section is permitted. If the Company chooses to early adopt any one of these Sections, the other two sections must also be adopted at the same time.

iii. <u>International Financial Reporting Standards ("IFRS")</u>

In 2006, the 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 December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

3. 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 resource 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 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 spend it 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 available or committed financial resources to complete such acquisitions.

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

There were no changes in the Company's approach to capital management during the period ended March 31, 2009. The Company is subject to externally imposed capital requirements.

4. EQUIPMENT

	March 31, 2009	*December 31, 2008*
Office Equipment	$ 94,268	$ 94,560
Computers	118,519	122,218
Camp and Equipment	464,053	463,672
	676,840	680,450
Accumulated amortization	(189,775)	(171,183)
	$ 487,065	$ 509,267

5. ACQUISITION

On May 26, 2004, Acero-Martin acquired 100% of the shares of Canper Exploraciones, S.A.C. by issuing 4,000,000 common shares of which 1,000,000 common shares are contingent on future reserves. The shares are to be issued as follows:

a) 1,000,000 common shares at approval date, November 2, 2004 (issued)
b) 500,000 common shares in six months (issued)
c) 500,000 common shares in twelve months (issued)
d) 500,000 common shares in twenty four months (issued)
e) 500,000 common shares in thirty six months (issued)
f) 500,000 common shares upon indication of not less than 750,000 oz. of gold reserves
g) 500,000 common shares upon indication of not less than 2,500,000 oz. of gold reserves.

The acquisition has been accounted for by the purchase method with the fair value of the consideration paid being allocated to the fair value of the identifiable assets and liabilities acquired. The following is a summary of the net assets acquired at fair values:

Cash	$	3,055
Other current assets		10,625
Equipment		2,324
Mineral properties		1,505,490
Current liabilities		(446,994)
Net assets acquired	$	1,074,500
Purchase consideration:		
Capital Stock	$	1,004.500
Finder’s fees		70,000
	$	1,074,500

Based on the purchase method used, consideration received including certain mineral properties exploration rights in Peru while purchase consideration rendered including share capital allotted to be issued in future years in accordance to dates mentioned above.

6. RESOURCE PROPERTIES

A) Yukon, Canada

a) Red Mountain Property

The Company has 75% interest in 52 mineral property claims located in the Yukon Territory Canada, known as the Red Mountain Property. The agreement requires the Company to expend $1,500,000 on the property over a 30 month period. As of December 31, 2006 the total commitment has been expended. The vendor was reimbursed for 75% of total out of pocket exploration expenditure incurred previously and has retained 2% overriding net smelter royalty.

The Red Mountain property has been basically inactive for three years with only insignificant amount of exploration activities done. In accordance with the Canadian GAAP, cost capitalized at mineral properties that have been inactive for three years should be written off. The Company is still planning to perform some exploration activities on the Yukon properties but the timing is unsure due to limits in financing resources. As a result, the Company has decided to write off the Red Mountain property in 2008a nominal value of $1.

b) Hobo Creek

The Company has also entered into an option agreement in July 2004 with Regent Ventures Ltd. to acquire 50% interest in Hobo Creek, Red Mountain area owned by Regent Ventures Ltd. The Company has issued to Regent 350,000 share purchase warrants at $0.55 per share exercisable before July 15, 2005. The Company is required to incur the following expenditures:

i) Expenditures of at least $300,000 on or before November 30, 2004.
ii) Expenditures of at least $800,000 on or before November 30, 2005.
iii) Expenditures of at least $1,500,000 on or before November 30, 2006.

Regent Ventures Ltd. will retain a 1% Net Smelter Royalty with respect to its claims. The Company has decided not to continue with this project and wrote off the deferred cost in October 2005.

B) Peru Pinaya Property

During 2004 the Company acquired a 100% interest in Canper Exploraciones S.A.C. Canper Exploraciones, S.A.C. owns an option to acquire the mineral rights for the Pinaya Property in Southern Peru. The option agreement requires the Company to pay to the owners of the mineral rights the following amounts on the following times:

a) U.S. $200,000 when the public deed is executed on the transfer of the option agreement (May 26, 2004) (paid).
b) U.S. $100,000 payable six month from May 26, 2004 (paid)
c) U.S. $240,000 payable 12 month from May 26, 2004 (paid)
d) U.S. $860,000 payable 24 month from May 26, 2004 (paid)
e) U.S. $1,100,000 payable 36 month from May 26, 2004 (paid)

6. RESOURCE PROPERTIES, continued

B) Peru Pinaya Property, continued

In addition the Company acquired some surface rights during the year for part of the Pinaya Property. The amount expended for surface rights total U.S. $15,000.

Panchito Property

The Company purchased an undivided 100% interest to certain Peruvian mining rights. The Company has paid U.S. $11,000 cash and issued 100,000 shares.

La Mamita Property

The Company purchased mining rights in the La Mamita Concession in Peru. The Company paid $25,000 and issued 25,000 common shares.

Don Pedro 2000

The Company purchased by way of option the rights to the property called the Don Pedro 2000 concession in Peru. The Company paid U.S. $40,000 (2005 U.S. $70,000) with additional payments of the option of U.S. $140,000 as follows:

$U.S.	Due Date
20,000	January 9, 2007 (paid)
20,000	May 9, 2007 (paid)
30,000	September 9, 2007 (paid)
30,000	January 9, 2008 (paid)
40,000	May 9, 2008 (paid)

Peruvian Properties	March 31, 2009	December 31, 2008
Acquisition costs	$ 5,830,551	$ 5,830,551

In addition to the four main concessions above, the Peruvian properties consist of other numerous concessions in one contiguous area in Peru of which detail breakdown is not shown.

7. SHARE CAPITAL

Share capital consists of an unlimited number of common shares without par value.

	March 31, 2009		December 31, 2008	
	Number of Shares	Amount	Number of Shares	Amount
Balance, beginning of period	97,388,510	$ 48,022,134	63,566,564	$ 45,581,699
Repurchased and cancelled during the period	-	-	(1,104,285)	(281,000)
Issued during the period:				
- for acquisition of resource properties	-	-	370,000	129,500
- for private placement	-	-	34,556,231	2,748,635
Share issuance costs	-	-	-	(156,700)
Balance, end of period	97,388,510	$ 48,022,134	97,388,510	$ 48,022,134

Stock Options:

The Company has a stock option plan (the "Plan") for directors, senior officers, employees, consultants, and management. The Plan provides for the issuance of stock options to acquire up to a maximum of 10% of the issued and outstanding common shares of the Company. The Plan provides that the vested terms of the options and the option price may be fixed by the directors subject to the price restrictions and other requirements of the TSX Venture Exchange. Options are granted for a term not exceeding five years and the exercise price must be paid in full upon exercise price of the option.

Options to purchase 225,000 common shares at $0.95 per share expires October 2, 2009
Options to purchase 425,000 common shares at$0.90 per share expires May 27, 2010
Options to purchase 45,000 common shares at $0.65 per share expires November 7, 2010
Options to purchase 1,070,000 common shares at $0.62 per share expires August 18, 2011
Options to purchase 330,000 common shares at $0.50 per share expires May 1, 2012
Options to purchase 880,000 common shares at $0.50 per share expires June 18, 2012
Options to purchase 500,000 common shares at $0.30 per share expires October 19, 2012
Options to purchase 2,000,000 common shares at $0.30 per share expires February 6, 2013
Options to purchase 900,000 common shares at $0.30 per share expires May 15, 2013

7. SHARE CAPITAL, continued

Stock Options:

A summary of the status of the Company's stock options as at March 31, 2009 and December 31, 2008 and changes during the period is presented below:

	Options Outstanding	**Weighted Average Exercise Price**	**Weighted Average Remaining Life**
Balance, December 31, 2008	6,375,000	$0.46	
Options issued	-	-	
Cancelled/Expired	-	-	
March 31, 2009	6,375,000	$0.46	3.18 years

During the period ended March 31, 2009, the Company has recognized $Nil (December 31, 2008: $548,192) in compensation upon issuance of no stock options (2008: 2,900,000). There are $79,007 stock compensation benefits from 2007 options granted remained to be vested until 2010. The fair values of these options were determined on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions.

	March 31, 2009	**December 31, 2008**
Risk-free interest rate	-	3.28%
Experienced life of options	-	5 years
Annualized volatility	-	70.38%
Dividend rate	-	0%

Options pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

7. SHARE CAPITAL, continued

Share purchase warrants

As at March 31, 2009, the Company had warrants outstanding enabling holders to acquire the following:

3,514,000 share purchase warrants at an exercise price of $0.35 per share until April 2, 2009 and $0.50 until April 2, 2010.

13,531,039 warrants at an exercise price of $0.10 per share until September 15, 2009.

1,558,350 warrants at an exercise price of $0.10 per share until October 8, 2009.

A summary of the Company's issued and outstanding share purchase warrants as at March 31, 2009 and December 31, 2008 and changes during those years is presented below:

	December 31 2008	**December 31 2008**
Balance, beginning of period	18,603,389	17,512,591
Issued	-	18,778,389
Expired/cancelled	-	(17,687,591)
Exercised	-	-
Balance, end of period	18,603,389	18,603,389

8. RELATED PARTY TRANSACTIONS

During the period ended March 31, 2009, the Company incurred management fees of $24,000 (2008: $52,000) with directors and companies owned by directors.

During the period ended March 31, 2009, the Company incurred exploration expenditures and geological consulting fees of $50,231 (2008: $76,653) with companies owned by directors.

During the period ended March 31, 2009, the Company incurred consulting fees of $Nil (2008: $225) with officers of the Company.

During the period ended March 31, 2009, the Company incurred legal fees of $4,460 (2008 $33,027) with an officer who is principal of a law firm.

As at March 31, 2009, accounts payables includes $49,610 (2008: $45,681) owing to officers, directors and companies controlled by common directors and officers of the Company.

9. SEGMENTED FINANCIAL INFORMATION

The Company's business is considered as operating in one segment, mineral exploration and development. The geographical division of the Company's total assets are as follows:

Assets		**March 31, 2009**		**December 31, 2008**
Canada	$	47,945	$	217,135
Peru		6,484,049		6,494,359
	$	6,531,994	$	6,711,494