RUSORO MINING LTD.
(Formerly Newton Ventures Inc.).
(a Development Stage enterprise)
Interim Consolidated Financial Statements
(Unaudited – Prepared by Management)
The Company's auditors have not audited or reviewed the comparative periods ended June 30, 2006
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2007 as Restated
(Expressed in U.S. Dollars)

RUSORO MINING LTD.

(Formerly Newton Ventures Inc.)
(A Development Stage Enterprise)
INTERIM CONSOLIDATED BALANCE SHEETS
AS AT June 30, 2007
(Unaudited - Prepared by Management)
(Expressed in U.S. Dollars)

	June 30, 2007 (Restated)	December 31, 2006 (Restated)
CURRENT ASSETS		
Cash	$ 55,297,002	$ 11,121,109
Marketable securities (Note 4)	341,958	-
Loans and other receivables (Note 5)	523,909	339,673
Prepaid expenses and deposits	783,261	3,647
Advances to associated companies (Note 6)	367,494	446,571
Inventories (Note 7)	96,515	96,515
	57,410,139	12,007,515
Plant and equipment (Note 8)	3,923,197	3,696,951
Long-term investments (Note 4)	116,933	-
Mineral properties (Note 9)	98,538,475	26,822,013
	$ 159,988,744	$ 42,526,479
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 10)	$ 3,170,302	$ 4,065,110
Surface taxes	29,811	172,345
Loan payable on acquisition (Note 14)	2,500,000	2,500,000
Due to related parties (Note 13)	13,174	71,568
	5,713,287	6,809,023
Asset retirement obligation (Note 12)	400,419	462,609
Non-controlling interest	-	1,933,583
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 11)	198,238,032	89,161,949
ACCUMULATED OTHER COMPREHENSIVE INCOME (Note 19)	249,330	-
CONTRIBUTED SURPLUS (Note 11)	26,503,861	7,198,983
	224,991,223	96,360,932
DEFICIT ACCUMULATED DURING THE DEVELOPMENT STAGE	(71,116,185)	(63,039,668)
	153,875,038	33,321,264
	$ 159,988,744	$ 42,526,479

Nature of operations - Note 1

Contingencies - Note 17

APPROVED BY THE DIRECTORS:

"George Salamis", Director
George Salamis

"Gordon Keep", Director
Gordon Keep

RUSORO MINING LTD.

(Formerly Newton Ventures Inc.)

(A Development Stage Enterprise)

INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT ACCUMULATED DURING THE DEVELOPMENT STAGE

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2007 AND 2006

(Expressed in U.S. Dollars)

(Unaudited - prepared by management)

	Three Months Ended June 30, 2007 (Restated - Note 3)	**Three Months Ended June 30, 2006** (Restated - Note 3)	**Six Months Ended June 30, 2007** (Restated - Note 3)	**Six Months Ended June 30, 2006** Restated - Note 3)
EXPENSES				
Administration expenses (Note 13)	2,797,711	1,307,273	5,194,917	1,563,865
Amortization	23,394	385,253	25,746	426,034
Consulting (Note 13)	891,017	-	2,059,014	-
Professional fees	453,222	30,663	619,080	80,358
Salaries (Notes 11(d) & 13)	278,600	-	572,771	3,313
Transfer agent and filing fees	20,603	-	87,786	-
Travel and entertainment expenses	177,299	125,337	296,367	220,458
Net loss before undernoted	(4,641,846)	(1,848,526)	(8,855,681)	(2,294,028)
OTHER INCOME (EXPENSE)				
Foreign exchange (loss) gain	(215,993)	(18,706)	(237,155)	299,300
Interest on shareholder debt (Note 10)	-	(3,686,355)	-	(7,179,821)
LOSS BEFORE OTHER INCOME, TAX AND DISCONTINUED OPERATIONS	(4,857,839)	(5,553,587)	(9,092,836)	(9,174,549)
Other income, net	691,023	-	1,016,319	-
LOSS BEFORE INCOME TAX AND DISCONTINUED OPERATIONS	(4,166,816)	(5,553,587)	(8,076,517)	(9,174,549)
Discontinued operations	-	280,559	-	48,715
NET LOSS	(4,166,816)	(5,273,028)	(8,076,517)	(9,125,834)
DEFICIT ACCUMULATED DURING THE DEVELOPMENT STAGE, Beginning of period	(66,949,369)	(29,395,540)	(63,039,668)	(25,542,734)
DEFICIT ACCUMULATED DURING THE DEVELOPMENT STAGE, End of period	(71,116,185)	(34,668,568)	(71,116,185)	(34,668,568)
BASIC AND DILUTED LOSS PER SHARE	(0.03)	(50,219)	(0.06)	(86,912)
WEIGHTED AVERAGE OUTSTANDING NUMBER OF SHARES	147,991,360	105	134,361,723	105

RUSORO MINING LTD.

(Formerly Newton Ventures Inc.)

(A Development Stage Enterprise)

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2007

(Unaudited - Prepared by Management)

(Expressed in U.S. Dollars)

	Three months ended		Six months ended	
	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006
NET LOSS	$ (4,166,816)	$ -	$ (8,076,516)	$ -
Other comprehensive income, net of tax				
Unrealized gain on available-for-sale marketable securities	43,265	-	218,374	-
Unrealized gain on available-for-sale long-term investments	14,619	-	34,840	-
COMPREHENSIVE LOSS	$ (4,108,932)	$ -	$ (7,823,302)	$ -

RUSORO MINING LTD.

(A Development Stage Enterprise)

INTERIM CONSOLIDATED STATEMENTS OF ACCUMULATED OTHER COMPREHENSIVE INCOME

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2007

(Unaudited - Prepared by Management)

(Expressed in U.S. Dollars)

	Three months ended		Nine months ended	
	Sept. 30, 2007	Sept. 30, 2006	Sept. 30, 2007	Sept. 30, 2006
BALANCE - BEGINNING OF PERIOD	$ 191,446	$ -	$ (3,884)	$ -
Unrealized gain on available-for-sale marketable securities	43,265	-	218,374	-
Unrealized gain on available-for-sale long-term investments	14,619	-	34,840	-
ACCUMULATED OTHER COMPREHENSIVE INCOME	$ 249,330	$ -	$ 249,330	$ -

RUSORO MINING LTD.
(Formerly Newton Ventures Inc.)
(A Development Stage Enterprise)
INTERIM CONSOLIDATED STATEMENTS OF CASHFLOWS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2007 AND 2006
(Expressed in U.S. Dollars)
(Unaudited - prepared by management)

	Three Months Ended June 30, 2007 (Restated - Note 3) $	Three Months Ended June 30, 2006 (Restated - Note 3) $	Six Months Ended June 30, 2007 (Restated - Note 3) $	Six Months Ended June 30, 2006 Restated - Note 3) $
OPERATING ACTIVITIES				
Net earnings (loss) for the period	(4,166,816)	(5,553,587)	(8,076,517)	(9,174,549)
Items not involving cash				
Amortization	23,394	385,253	25,746	426,034
Accumulation of service indemnity	-	65,505	-	65,505
Stock-based compensation	1,390,174	-	3,726,115	-
	(2,753,248)	(5,102,829)	(4,324,656)	(8,683,010)
Changes in non-cash working capital items				
Other assets	-	-	-	(1,155)
Inventories	-	188,837	-	(98,729)
Receivables	(415,640)	(222,711)	(313,856)	(201,183)
Prepaid expenses and deposits	90,799	707,801	(717,191)	(348,936)
Accounts payable and accrued liabilities	(1,328,822)	(351,198)	(1,672,820)	1,211,899
Cash used by continuing operations	(4,406,911)	(4,780,100)	(7,028,523)	(8,121,114)
Cash provided by discontinued operations	-	280,559	-	48,715
	(4,406,911)	(4,499,541)	(7,028,523)	(8,072,399)
FINANCING ACTIVITIES				
Cash acquired in Mena transaction (note 1)	-	-	57,709,754	-
Proceeds from share issue	155,937	-	495,336	-
Share issue costs	(5,680)	-	(137,479)	-
Advances from related parties	148,539	-	79,077	-
Advances from shareholders	-	5,964,038	-	10,642,660
Loan	-	(84,860)	-	33,055
	298,796	5,879,178	58,146,688	10,675,715
INVESTING ACTIVITIES				
Mineral property cost	(4,274,878)	(1,404,203)	(6,739,180)	(1,893,458)
Repayment of collateral loan	-	-	300,000	-
Purchase of plant and equipment	(200,179)	465,551	(235,138)	(328,913)
Investments in marketable securities	(171,224)	(285,707)	(209,560)	(236,730)
Advances from (to) associated companies	3,207	-	(58,394)	-
	(4,643,074)	(1,224,359)	(6,942,272)	(2,459,101)
INCREASE (DECREASE) IN CASH	(8,751,189)	155,278	44,175,893	144,215
Cash – beginning of period	64,048,191	64,597	11,121,109	75,660
CASH – END OF PERIOD	55,297,002	219,875	55,297,002	219,875
Supplemental cash flow information				
Cash interest paid	-	3,686,355	-	7,179,821
Non-cash transactions (Note 15)				

(Expressed in U.S. Dollars)

1. NATURE OF OPERATIONS

The Company was incorporated under the laws of the Province of British Columbia on March 1, 2000 under the name "Hollingfield Capital Corporation". The Corporation changed its name to "PKI Innovations (Canada) Inc." on August 10, 2001. During the year ended December 31, 2005, the Company changed its name to Newton Ventures Inc. and consolidated its share capital on a 7 for 1 basis. On September 30, 2006, the Company changed its name to Rusoro Mining Ltd. ("Rusoro") and consolidated its share capital on a 1 to 0.6 basis. Prior to September 30, 2006, the Company had no business activities, but since then has entered into a transaction whereby its business has become the exploration and development and mining of mineral properties in Venezuela.

On November 7, 2006, the Company acquired all of the issued and outstanding securities of Grupo Agapov Corp. ("Grupo Agapov") in consideration for the issuance of 108,333,334 Rusoro shares to the shareholders of Grupo Agapov. Rusoro also issued 5,833,336 share purchase warrants in exchange for 5,833,336 share purchase warrants of Grupo Agapov upon the transaction. As part of the acquisition Rusoro also issued 10,000,000 performance warrants, 1,200,000 Rusoro shares as a finders fee and 210,000 Rusoro shares in settlement of debt (Note 11) of approximately $512,811. Also upon the close of the transaction, stock options were granted entitling directors, officers, employees and consultants of Rusoro to purchase up to 7,105,000 Rusoro shares. These options were accounted for at fair value using the Black-Scholes option pricing model. The options have a life of 10 years and vest over periods ranging from 6 months to 2 years. The total value of these options was calculated as $8,707,298 as at November 7, 2006.

As a result of this acquisition, the shareholders of Grupo Agapov became the owners of the majority amount of the issued and outstanding common shares of the Company. Since effective control of the Company was acquired by the principals of Grupo Agapov, the acquisition was accounted for as a reverse takeover transaction that does not constitute a business combination. In accordance with EIC-10, "Reverse takeover" accounting, Grupo Agapov was considered the acquiring company for accounting purposes and the transaction was accounted for as an issuance of shares by Grupo Agapov with a recapitalization of the consolidated entity. As a result, the comparative financial statements are that of Grupo Agapov.

The net assets of the Company at the acquisition date were as follows:

Cash	$ 151,138
Other current assets	5,843
Liabilities	(56,001)
	$ 100,980

In conjunction with the Company's acquisition of Grupo Agapov, Grupo Agapov changed its name to Rusoro Mining (Panama) Inc., and completed a $35,000,000 equity financing and issued a total of 11,666,667 units at a price of US$3.00 per unit. Each unit consisted of one share of Rusoro Mining (Panama) Inc. and one-half a share purchase warrant, with each whole warrant entitling the holder to purchase one common share of Rusoro Mining (Panama) Inc. for a two year period at a price of $3.55 per share. Of the proceeds $10,000,000 was used to purchase 3,333,333 shares from existing shareholders. The remaining shares were exchanged into shares of the Company on a one-for-one basis.

Expressed in US Dollars

1. NATURE OF OPERATIONS (cont'd)

Effective March 5, 2007, the Company acquired all of the issued and outstanding securities of Mena Resources Inc. ("Mena") in consideration of issuing a total of 31,424,255 common shares to the Mena shareholders, one common share of the Company issued for every 1.7 issued and outstanding Mena common shares. In addition, share purchase warrants and incentive stock options which were outstanding in Mena were converted to 9,580,912 warrants and 744,118 options in the Company. Mena holds properties in Venezuela, Honduras and Chile. As a result of the transaction, Mena became a wholly-owned subsidiary of the Company and Mena's shares were de-listed from the TSX Venture Exchange.

Immediately prior to the closing of the Mena Acquisition, Mena completed a brokered private placement which provided net proceeds of CDN $67,750,810. Share purchase warrants issued by Mena under this placement were converted to 9,216,793 warrants in the Company.

The net assets of the Company at the acquisition date were as follows:

Cash	$ 57,709,754
Other current assets	62,423
Mineral properties	66,025,069
Equipment	16,854
Marketable securities	98,000
Long-term investments	72,380
Liabilities	(32,093)
	$ 123,952,387
Consideration 31,424,255 shares issued @ $3.45	$ 108,286,104
Fair value of options and warrants	15,666,283
	$ 123,952,387

The allocation of the purchase price is preliminary and the final allocation may be subject to refinement in the next three months.

The Company uses the fair value based method of accounting for share options and warrants granted on the Mena acquisition. This amount has been determined under the fair value method using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk-free interest rate	3.88%
Expected stock price volatility	62%
Expected term in years	2 - 5
Expected dividend yield	0.0%

The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain reserves that are economically recoverable. Accordingly, the recoverability of capitalized costs is dependant upon the existence of economically recoverable reserves, continuation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary exploitation permits on mining properties and financing to complete their development and upon future profitable production or disposition thereof.

Local and international political and economic conditions, such as variations in the price of gold, inflation, fluctuations in the exchange rate or the exchange control, exploitation controls and local political-economic developments can have a significant effect on the financial results of the Company's operations.

2. BASIS OF PRESENTATION

The accompanying unaudited interim consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") with respect to the preparation of interim financial statements. Accordingly, they do not include all of the information and disclosures required by Canadian GAAP in the preparation of annual financial statements. The accounting policies used in the preparation of the accompanying unaudited interim consolidated financial statements are the same as those described in the annual consolidated financial statements and the notes thereto for the year ended December 31, 2006. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. These interim consolidated financial statements should be read in conjunction with the Company's consolidated financial statements including the notes thereto for the year ended December 31, 2006.

These interim consolidated financial statements include the accounts of the Company and its active wholly owned subsidiaries:

Minería MS, C.A.	General Mining de Guayana, C.A.
Lamin Laboreos Mineros, C.A.	Corporación Minera 410879, C.A.
Corporación 80.000, C.A.	Corporación Minera 11-90, C.A.
Inversora Técnica de Minas, C.A.	Balandria Ltd.
Inversora Maryate, C.A.	Cradock United Inc.
Corporacion Minera Sor Teresita, CA	Inversiones Minera El Dorado, S.A.
Inversiones Vipago CA	Rusoro Mining (Panama) Inc.
Inversiones Yuruan, CA	Minera Mena Limitada - Chile
Minera Tapaya, CA	Mena Resources Inc.
Representaciones Carson Gold Int. SA	Minoro, S.A.
Inversiones Fitzcarraldo, C.A.	Tombstone Aruba A.V.V.
Corporación Cabellos Galvez, C.A.	Dotley Financial Corp.
Grupo Agapov De Venezuela, C.A.	Minera 6560433, C.A.
Mineral Ecological Technology de Venezuela, C.A.	

All significant inter-company accounts and transactions have been eliminated upon consolidation.

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions which affect the recorded amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses incurred during the periods. Specific areas requiring the use of estimates include the determination of amortization provisions for equipment and the input variables used to calculate stock-based compensation, future income tax asset valuation allowance, and impairment on mineral properties. Actual results could differ from these estimates.

Expressed in US Dollars

3. RESTATEMENT OF FINANCIAL STATEMENTS

a) Foreign Currency Translation
During the third quarter of 2007 the Company determined that it had incorrectly translated the accounts of its fully integrated Venezuelan subsidiaries and that the Company translated these subsidiaries' accounts from Venezuelan Bolivars to US dollars using the official exchange rate rather than by using the parallel exchange rate.

Since the Company's Venezuelan subsidiaries do not have the necessary registrations in Venezuela they are unable to access the official rate and are, therefore, only able to convert Bolivars into US dollars using the parallel market rate. As a result, management has determined that amendments should be reflected in the previously issued financial statements for the two years ended December 31, 2006 and 2005 and for the three and six month interim periods ended March 31, 2007 and June 30, 2007 (with comparatives), respectively, to account for financial statement items at the parallel exchange rate prevailing at the applicable dates.

b) Stock Based Compensation
Also, during the third quarter of 2007 the Company determined that corrections were required in the amounts previously recorded in connection with the granting of options to officers, employees, consultants and directors. The corrections adjust for previously incorrect vesting schedules for certain options, previously incorrect parameters used for estimation of stock option fair value and also to correct the characterisation of certain stock options from employee stock options to non-employee stock options.

The consolidated financial statements as presented have been restated. Presented below are the consolidated financial statements as previously reported.
For the three and six months ended June 30, 2007 and 2006:

As at June 30, 2007	As previously reported $
Balance Sheet	
Current assets	
Cash	55,440,894
Marketable securities	341,958
Loan & other receivables	775,874
Prepaid expense & deposits	1,332,020
Advances to associated companies	576,924
Inventories	96,515
	58,564,185
Fixed assets	
Property, plant & equipment	4,812,820
Long term investments	116,933
Mineral properties	108,405,912
	171,899,850
Current liabilities	
Accounts payable & accrued liabilities	4,888,058
Loan payable on acquisition	2,500,000
Due to related parties	24,817
	7,412,875
Long term liabilities	
Asset retirement obligation	754,277
Shareholders equity	
Share capital	198,238,032
Contributed surplus	28,361,398
Deficit accumulated during development stage	(64,401,717)
Foreign currency translation	1,534,985
	163,732,698
	171,899,850

RUSORO MINING LTD.
(formerly Newton Ventures Inc.)
(A Development Stage Enterprise)
Notes to Interim Consolidated Financial Statements
(Unaudited - prepared by management)
For the Three and Six Months Ended June 30, 2007 as Restated
Expressed in US Dollars

3. RESTATEMENT OF FINANCIAL STATEMENTS (Cont'd)

INTERIM STATEMENTS OF OPERATIONS AND DEFICIT ACCUMULATED DURING THE DEVELOPMENT STAGE	Three Months Ended June 30, 2007 As previously reported $	Three Months Ended June 30, 2006 As previously reported $	Six Months Ended June 30, 2007 As previously reported $	Six Months Ended June 30, 2006 As previously reported $
EXPENSES				
Administration expenses	2,958,937	1,579,392	5,316,876	1,889,197
Amortization	42,979	519,567	47,329	574,567
Consulting	968,952	-	1,807,473	-
Professional fees	541,366	37,046	707,224	97,046
Salaries	289,624	-	531,760	4,000
Transfer agent and filing fees	20,603	-	87,786	-
Travel and entertainment expenses	177,299	125,337	296,367	220,458
Net loss before undernoted	(4,999,760)	(2,261,342)	(8,794,818)	(2,785,268)
OTHER INCOME (EXPENSES)				
Foreign exchange gain	3,419,729	-	4,375,230	-
Interest on shareholder debt	-	(3,686,355)	-	(7,179,821)
LOSS BEFORE OTHER INCOME, TAX AND DISCONTINUED OPERATIONS	(1,580,000)	(5,947,697)	(4,419,588)	(9,965,089)
Other income, net	691,023	-	1,020,304	-
LOSS BEFORE INCOME TAX AND DISCONTINUED OPERATIONS	(889,008)	(5,947,697)	(3,399,284)	(9,965,089)
Discontinued operations	-	338,960	-	59,037
NET LOSS	(889,008)	(5,608,737)	(3,399,284)	(9,906,052)
DEFICIT ACCUMULATED DURING THE DEVELOPMENT STAGE, Beginning of period	(63,512,709)	(25,940,052)	(61,002,433)	(21,642,737)
DEFICIT ACCUMULATED DURING THE DEVELOPMENT STAGE, End of period	(64,401,717)	(31,548,789)	(64,401,717)	(31,548,789)

RUSORO MINING LTD.
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Notes to Interim Consolidated Financial Statements
(Unaudited - prepared by management)
For the Three and Six Months Ended June 30, 2007 as Restated
Expressed in US Dollars

3. RESTATEMENT OF FINANCIAL STATEMENTS (Cont'd)

INTERIM CONSOLIDATED STATEMENTS OF CASHFLOWS	**Three Months Ended June 30, 2007** As previously reported $	**Three Months Ended June 30, 2006** As previously reported $	**Six Months Ended June 30, 2007** As previously reported $	**Six Months Ended June 30, 2006** As previously reported $
OPERATING ACTIVITIES				
Net (loss) for the period	(889,008)	(5,947,697)	(3,399,284)	(9,965,089)
Items not involving cash				
Amortization	42,979	519,567	47,329	574,567
Unrealized foreign exchange (gain) loss	(128,997)	-	30,438	-
Accumulation of service indemnity	-	79,140	-	223,854
Stock-based compensation	1,603,402	-	3,225,158	-
	(628,376)	(5,348,990)	(96,359)	(9,166,668)
Changes in non-cash working capital items				
Other assets	-	-	-	(1,395)
Inventories	-	188,837	-	(98,729)
Receivables	(631,369)	(222,711)	(651,376)	(196,719)
Prepaids	111,877	855,135	(1,326,314)	(212,606)
Accounts payable	(1,188,851)	(351,198)	386,377	1,391,340
Cash used by continuing operations	(1,079,967)	(4,878,927)	(1,687,672)	(8,284,777)
Cash used by discontinued operations	-	338,960	-	59,037
	(1,079,967)	(4,539,967)	(1,687,672)	(8,225,740)
FINANCING ACTIVITIES				
Cash acquired on Mena transaction (note 1)	-	-	57,705,754	-
Proceeds from share issue	155,937	-	495,336	-
Share issue costs	(6,126)	-	(137,478)	-
Advances to associated companies	273,968	-	121,821	-
Due to shareholders	-	5,964,038	-	10,642,660
Due to related parties	21,290	-	(46,751	-
Loan	-	(84,860)	-	33,055
	445,069	5,879,178	58,142,682	10,675,715
INVESTING ACTIVITIES				
Mineral property cost	(7,211,662)	(1,445,716)	(11,755,326)	(1,658,367)
Repayment of collateral loan	-	-	300,000	-
Purchase of plant and equipment	(884,266)	562,562	(1,144,147)	(396,760)
Investments and marketable securities	(37,242)	(285,706)	(39,181)	(236,730)
	(8,133,170)	(1,168,963)	(12,638,654)	(2,291,857)
INCREASE (DECREASE) IN CASH	(8,768,068)	170,248	43,816,356	158,118
CASH –BEGINNING OF PERIOD	64,208,962	70,824	11,624,538	82,954
CASH – END OF PERIOD	55,440,894	241,072	55,440,894	241,072

Expressed in US Dollars

4. CHANGE IN ACCOUNTING POLICIES

On January 1, 2007, the Company adopted the provisions of CICA Sections 1530 "Comprehensive Income", 3251 "Equity", 3855 "Financial Instruments – Recognition and Measurement", 3861 "Financial Instruments – Presentation and Disclosure", and 3865 "Hedges" which were effective for the fiscal years beginning on or after October 1, 2006. These sections address the classification, recognition and measurement of financial instruments and hedges in the financial statements and inclusion of other comprehensive income.

As a result of adopting these new standards at January 1, 2007, the Company recorded an unrealized loss of $3,884 for the change in accounting for financial assets classified as "available-for-sale" and measured at fair value instead of cost. This decrease is reported as a one-time adjustment to other accumulated comprehensive income.

The Company has made the following classifications:

The long-term investments and marketable securities have been classified as "available-for-sale". They are initially recorded at fair value which is equal to their cost. Subsequent changes to the market value of the investments are recorded as changes to other comprehensive income.

5. LOANS AND OTHER RECEIVABLES

Included in loans and other receivables at December 31, 2006 was $300,000 advanced during 2006 to an unrelated party as collateral for a loan of BVS$900,000,000 ($419,000) which was advanced to Mineria MS, C.A. from Minera Hecla Venezuela. On February 15, 2007 the Company was reimbursed the $300,000 collateral.

6. ADVANCES TO ASSOCIATED COMPANIES

Amounts receivable from companies under common administrative operations comprised of the following:

	June 30 2007 (Restated)	December 31 2006 (Restated)
Urupagua, R.L	$ 38,898	$ 38,621
Pequeña Minería	-	31,575
Inversiones Andros, C.A.	4,228	4,198
Prospecciones Mineras, C.A. (PROMINCA)	8,000	8,035
Proyecto Caolin	60,948	60,519
Procesadora de minerals	11,333	11,253
Comunidad Andina Canaima	-	23,713
Minex	138,191	137,472
Others	-	26,041
Inversiones Vargas Gonzalez	105,896	105,144
	$ 367,494	$ 446,571

These expenditures were measured by the exchange amount which is the amount agreed upon by the transacting parties. The amounts are unsecured, non-interest bearing and will be collected in the normal course of business, within the next 12 months.

The Company has also entered into other business arrangements with related companies. (see Notes 9, 13 and 14).

Expressed in US Dollars

7. INVENTORIES

Inventories are comprised of the following:

	June 30 2007 (Restated)	December 31 2006 (Restated)
Gold bars	$ 56,129	$ 56,129
Gold in process	40,386	40,386
	$ 96,515	$ 96,515

The gold is valued at cost and is intended for sale.

8. PLANT AND EQUIPMENT

	June 30 2007 Restated			December 31 2006 Restated		
	Cost	Amortization	Net	Cost	Amortization	Net
Facilities	$ 3,919,566	$ (1,283,814)	$ 2,635,752	$ 4,057,659	$ (1,165,621)	$ 2,892,038
Machinery	1,135,089	(822,462)	312,627	914,139	(680,093)	234,046
Furniture & Equipment	252,345	(41,918)	210,427	36,612	(31,253)	5,359
Vehicles	445,654	(295,762)	149,892	207,289	(145,823)	61,466
Construction in progress	536,874	-	536,874	504,042	-	504,042
Land	77,625	-	77,625			
	$ 6,367,153	$ (2,443,956)	$ 3,923,197	$ 5,719,741	$ (2,022,790)	$ 3,696,951

Construction in progress

The Company has commenced construction of a production facility to process gold material. Construction in progress includes the cost of materials, construction labour, machinery and equipment. Upon completion, such costs will be amortized over the plant's estimated useful life.

Expressed in US Dollars

9. MINERAL PROPERTIES

Mineral properties are comprised of the following:

	El Dorado						
	Emilia	San Rafael/Placer	CEIBA II	Valle Hondo	Increible 6	Other properties	TOTAL
Balance, December 31, 2006 (Restated)	$ 3,095,674	$ 12,315,606	$ 1,160,291	$ 974,267	$ 6,186,295	$ 3,089,880	$ 26,822,013
Acquisition of Mena properties				7,126,271	57,658,016	1,661,067	66,445,354
Exploration costs							
Camp, equipment and geological fees	132,740	770,801	-	421,045	1,522,323	2,724	2,849,633
Drilling & Assays	-	887,630	-	-	1,478,096	55,749	2,421,475
	132,740	1,658,431	-	421,045	3,000,419	58,473	5,271,108
Balance, June 30, 2007 (Restated)	$ 3,228,414	$ 13,974,037	$ 1,160,291	$ 8,521,583	$ 66,844,730	$ 4,809,420	$ 98,538,475

El Dorado

The Company owns a 100% interest in a series of mineral titles in the El Dorado District. Mineral titles include Emilia, Emilia II, El Placer, San Rafael, Ceiba, and others. This block of claims has a history of past gold production and also contains the Emilia Mill. The existing Emilia Mill, which has been on care and maintenance since September 2006, is located in the central portion of the Project. Detailed plans are currently being prepared to upgrade and expand the existing 350 tonne per day capacity of the mill during 2007. (see Construction in progress - note 8). Additionally, preliminary engineering studies are being prepared for the completion of an underground ramp which will provide access to the main ore bodies at San Rafael and El Placer. Work in 2006 included metallurgical testing. This testing supports the initial design work for the expansion and updating of the existing plant. Additional optimization work is on-going.

Asociación Cooperativa Mixta Chicanan (the "Cooperativa"), the owner of the contract for the exploitation of alluvial gold and its sale in an area named CEIBA II, has granted to the Company's subsidiary, Minería M.S., the rights to the exploration, exploitation and refining operations for the raw material. In return, Minería M.S. has agreed to advance the necessary cash to fund the operations, and will receive 70% of the profits therefrom. The Cooperativa will receive 30% of the gold extracted. The operations are not yet profitable.

The Company's subsidiary, Lamin Laboreos Mineros, C.A. ("Lamin"), is the owner of a contract for the exploitation of gold for sale from the San Rafael concession. Lamin has entered into a contract with Asociacion Agrominera La Camorra ("Agrominca"), pursuant to which the companies have agreed to cooperate in the performance of the mining activities in the San Rafael parcel, and agreed that all the material extracted will be sent for processing, grinding and gold recovery exclusively to the plant located in the Emilia concession, owned by another subsidiary of the Company. Under its contract with Agrominca Lamin has agreed to advance to Agrominca 50% of the necessary cash to fund its operations and in turn Lamin will receive 50% of the profits therefrom. The operations are not yet profitable.

Valle Hondo

The 13,000 hectare Valle Hondo Project is located 40 kilometres east of the Emilia Mill. Previous exploration at Valle Hondo consisted of more than 6.0 kilometres of trenching and 13,000 metres of diamond drilling. In mid 2006, a detailed geological interpretation was incorporated into an updated block model for the Valle Hondo Project.

Expressed in US Dollars

9. MINERAL PROPERTIES (Cont'd)

Increible 6

At June 30, 2007, the Company owns a 100% interest in Balandria Limited, which owns four companies holding exploration stage mineral properties including the Increible 6 Project which is located in the El Callao Gold District, 100 kilometres north of Emilia.

Other Properties

During 2006, the Company acquired the Oro88 concessions from a significant shareholder and director of the Company (Note 14). The acquisition of these concessions has been recorded at their cost to the related party transferor ($232,652). The Company has agreed to pay $5,000,000 for the Oro 88 concessions and as such, the $232,652 cost of the concessions has been recorded as other acquisition costs with the balance of $4,767,347 recorded as a reduction to contributed surplus.

At June 30, 2007, $2,500,000 of this $5,000,000 remained unpaid (Note 14).

Through the Mena acquisition, the Company obtained concessions through the acquisition of Mena Resources Inc. which include the Trinidad/Angelito concession in Venezuela, the Pampa and Vaquillas concessions in Chile and the Minoro concession in Honduras.

10. ACCOUNTS PAYBLE AND ACCRUED LIABILITIES

	June 30, 2007 (Restated)	December 31, 2006 (Restated)
Accounts payable	$ 1,522,296	$ 1,972,103
Accrued liabilities	1,146,762	1,520,272
Accumulation for labour indemnities	501,243	572,735
	$ 3,170,301	$ 4,065,110

11. SHARE CAPITAL

During 2006, Grupo Agapov replaced the 105 outstanding shares with 105,000 shares with a nominal value of $0.10 per share, and issued 99,895,000 shares to settle $66,114,065 of the debt owing to shareholders. The shareholders settled the balance of the debt owing in July 2006.

On November 7, 2006 Rusoro Mining completed its business combination with Grupo Agapov together with a share consolidation on the basis of 0.6 post-consolidation common share for one pre-consolidation common share. There were 1,200,000 shares issued for a finders fee which has been recorded as a charge to operations, 210,000 shares issued to settle debt on amount owing to New Dawn Ltd. (a former shareholder of Rusoro Mining) and there were 108,333,334 post consolidation common shares in exchange for all of the issued and outstanding shares of Rusoro Mining (Panama) Inc. In addition, the Company issued 10,000,000 performance warrants executable at $0.05 per share for two years. Share capital has been retroactively restated to reflect the share consolidation.

On March 5, 2007 the Company acquired all of the issued and outstanding securities of Mena Resources Inc. ("Mena") in consideration of issuing a total of 31,424,255 common shares to the Mena shareholders, one common share of the Company issued for every 1.7 issued and outstanding Mena common shares. In addition, share purchase warrants and incentive stock options which were outstanding in Mena were converted to 9,580,912 warrants and 744,118 options in the Company.

a) Authorized Share Capital of Rusoro

Unlimited number of common shares without par value

Expressed in US Dollars

b) Issued Capital

	Number of Shares	Amount $
Issued in Rusoro pre RTO		
Balance , beginning of the year	1,692,529	1,921,344
Private placement	420,000	115,500
Balance, December 31, 2005	2,112,529	2,036,844
Warrant exercise	420,000	154,000
Consolidation 0.6 for 1	(845,012)	
Balance, pre RTO	1,687,517	2,190,844
Issued in Grupo Agapov pre RTO		
Balance, December 31, 2004 and 2005	105	10,500
Debt settlement (note 11)	99,895,000	66,114,065
Share split	104,895	-
Private Placement	11,666,667	35,000,000
Shares repurchased	(3,333,333)	(10,000,000)
Share issue costs		(2,324,289)
Balance, pre RTO	108,333,334	88,800,276
The Company Post RTO		
Balance the Company, November 6, 2006	1,687,517	88,800,276
Finders fee	1,200,000	-
For debt	210,000	512,811
For Grupo Agapov RTO	108,333,334	-
Share issue costs	-	(151,138)
Balance, December 31, 2006	111,430,851	89,161,949
Mena Acquisition (Note 1)	31,424,255	108,286,104
Options exercised	191,139	224,557
Warrants exercised	5,017,060	270,779
Fair value of warrants exercised		32,185
Fair value of options exercised		399,936
Share issue costs		(137,478)
Balance, September 30, 2007	148,063,305	198,238,032

Expressed in US Dollars

11. SHARE CAPITAL (cont'd)

c) Contributed Surplus

	Nine months ended September 30, 2007		Year ended December 31, 2006	
Balance , beginning of period	$	7,198,983	$	4,449,500
Elimination of equity on acquisition		-		(309,094)
Oro88 acquisition (Note 9)		-		(4,767,347)
Stock based compensation on warrants and options issued in conjuction with Mena acquisition (Note 1)		15,666,283		-
Fair value of warrants exercised		(32,186)		
Fair value of options exercised		(399,936)		-
Stock based compensation related to 2006 options granted to employees, consultants, directors		4,070,717		7,825,924
Balance, end of period	$	26,503,861	$	7,198,983

d) Stock Options

The Company has a stock option plan for its directors, officers, consultants and key employees under which the Company may grant options to acquire a maximum number of common shares equal to 10% of the total issued and outstanding common shares of the Company. Options are non-transferable and may have a term of up to 10 years from the date of issue. Vesting terms, conditions and exercise price (market price at time of grant) are determined by the board of directors at the time of grant.

The following stock options were outstanding at June 30, 2007:

Number	Exercise Price		Expiry Date	Options Exercisable
350,000	$3.55	CDN	Nov 14, 2008	70,000
38,236	$1.02	CDN	Nov 26, 2008	38,236
17,647	$0.85	CDN	Oct 13, 2009	17,647
355,918	$1.05	CDN	Dec 7, 2009	355,918
47,060	$1.11	CDN	Mar 7, 2011	47,060
94,118	$1.70	CDN	Apr 5, 2011	94,118
7,105,000	$3.00		Nov 7, 2016	2,556,667
8,007,979				3,179,646

Stock option transactions are summarized as follows:

Expressed in US Dollars

11. SHARE CAPITAL (cont'd)

	Six Months Ended June 30, 2007		Year Ended December 31, 2006	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	7,455,000	$3.00	22,372	$0.75
Forfeited	-	-	(22,372)	0.75
Exercised	(191,139)	1.17	-	-
Issued	744,118	1.01	7,455,000	3.00
	-	-	-	-
Outstanding, end of period	8,007,979	$2.86	7,455,000	$3.00

d) Stock Options (cont'd)

The Company uses the fair value based method of accounting for share options granted to consultants, directors, officers and employees. The non-cash compensation charge of $3,726,115 recognized for the six months ended June 30, 2007 represents the value attributed in that period to options granted to a consultant, directors, officers and employees. These compensation charges have been determined under the fair value method using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk-free interest rate	3.97% - 4.03%
Expected stock price volatility	61%
Expected term in years	2 - 10
Expected dividend yield	0.0%
Grant date fair value	$1.57 - $2.75

e) Warrants

Share purchase warrant transactions are summarized as follows:

	Six Months Ended June 30, 2007		Year Ended December 31, 2006	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	15,833,336	$1.28	420,000	$0.59
Issued	9,580,912	$4.31	15,833,336	$1.28
Exercised	(5,017,060)	$0.05	(420,000)	$0.59
Outstanding, end of period	20,397,188	$3.00	15,833,336	$1.28

Expressed in US Dollars

12. ASSET RETIREMENT OBLIGATION

The asset retirement obligation is calculated based on costs associated with the retirement of long-lived assets that result from the acquisition, construction, development and normal use of the asset. The calculation has been done with a ten year period. The costs that are required to be incurred are the following:

Expected cash flow before inflation adjustment	$	316,395
Inflation factor (10% per year for 10 years)		2.5937
Expected cash flow adjusted for inflation		820,634
Market risk premium (5%)		41,031
Expected cash flow adjusted for market premium	$	861,679
Present value using credit-adjusted risk-free rate of 8.4% per year	$	400,419

Accretion charged on the asset retirement obligation for the period totals $16,158.

In view of the uncertainties concerning future asset retirement and progressive reclamation costs, the ultimate costs to the Company could differ materially from the amounts estimated. The estimate for the future liability is subject to change based on possible amendments to applicable laws and legislation, the nature of ongoing operations and technological innovations. Future changes, if any, due to their nature and unpredictability, could have a significant impact and would be reflected prospectively, as a change in an accounting estimate.

13. RELATED PARTY TRANSACTIONS

During the six months ended June 30, 2007, the Company paid or accrued management fees, salaries and consulting fees of $621,532 (December 31, 2006 – $148,297) to directors, officers and a company controlled by an officer. The balances are non-interest bearing, unsecured and have no specific terms of repayment.

14. LOAN PAYABLE ON ACQUISITION

In December 2006 the Company acquired a group of Corporacion Venezolona de Guayana contracts and concessions granted by the Venezuelan Ministry of Energy and Mines known as Oro 88 (Note 9). The contracts and concessions are held by corporations which were previously owned beneficially by a significant shareholder and a director. The purchase price was $5,000,000 of which $2,500,000 was paid on signing of the acquisition agreement, with the balance owing to be paid on or before November 30, 2008. This loan is non-interest bearing.

15. SUPPLEMENTARY DISCLOSURE OF NON-CASH TRANSACTIONS

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows.

The following non-cash investing and financing transactions have been excluded from the statements of cash flows and not disclosed elsewhere include:

	Three months ended June 30, 2007	Three months ended June 30, 2006	Six months ended June 30, 2007	Six months ended June 30, 2006
Accounts payable - mineral property expenditures	$ (603,385)	$ -	$ 941,358	$ -
Amortization - mineral properties	$ 363,833	$ -	$ 514,173	$ -
Shares issued for the acquisition of Mena Resources	$ -	$ -	$ 108,286,104	$ -

Expressed in US Dollars

16. SEGMENT DISCLOSURE

The Company has one operating segment which is mineral exploration and all material mining properties and capital assets of the Company are located in Venezuela. The current assets of the Company are held in Canada, Venezuela, Chile, Honduras and Panama.

	Six Months Ended June 30, 2007 (Restated)	Year Ended December 31, 2006 (Restated)
Canada		
Current assets	$ 51,235,173	$ 7,977,072
Plant and equipment	306,880	2,760
Long-term investments	116,933	-
	$ 51,658,987	$ 7,979,832
Venezuela		
Current assets	$ 1,717,240	$ 2,377,407
Plant and equipment	3,616,317	3,694,191
Mineral Properties	97,927,124	26,822,013
	$ 103,260,681	$ 32,893,610
Panama		
Current assets	$ 4,378,012	$ 1,653,037
Chile		
Current assets	$ 54,077	$ -
Mineral Properties	588,618	-
	$ 642,695	$ -
Honduras		
Current assets	$ 25,637	$ -
Mineral Properties	22,733	-
	$ 48,370	$ -
Total assets	$ 159,988,744	$ 42,526,479

17. CONTINGENCIES

The Company has been named as a defendant in two legal matters outstanding in relation to the disputed ownership of shares of Corporacion Cabello Galvez. The plaintiff expresses rights that would effectively give that party full ownership of the mineral property held by the Company. The Company denies these ownership rights and asserts full ownership of Corporacion Cabello Galvez. The outcome of this matter cannot be estimated at this time and no accrual for any provisions has been made. The only asset held in Corporacion Cabello Galvez is the mineral property concession of Atlantida which has a carrying value of $nil at June 30, 2007 (December 31, 2006 - $nil).

In addition, Corporacion Cabello Galvez's term of incorporation elapsed under Venezuelan law on February 1, 1997. This subsidiary remains in wind-up stage unless shareholders resolve to reactivate it pursuant to Venezuelan law.

In the normal course of business, the Company has been named as a defendant in nine matters before the courts and a mediator within Venezuela. Total claims on these matters is $729,765. The outcome of these matters cannot be determined at this time and the Company has not accrued for any losses on these matters.

18. RISKS

Financial Instruments and Risks

The carrying value of the Company's financial instruments, consisting of cash, loans and other receivables, advances to related companies, accounts payable and accrued liabilities and due to related parties approximate their fair value due to the short-term maturity of such instruments. The carrying value of the due to shareholders, long-term payable approximates fair value. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest rate risk arising from these financial instruments.

Title risk

Title to mineral properties and mining rights involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mining properties. Although the Company has investigated title to all of its mineral properties for which it holds concessions or other mineral leases or licenses, the Company cannot give any assurance that title to such properties will not be challenged or impugned and cannot be certain that it will have valid title to its mining properties. The Company relies on title opinions by legal counsel who base such opinions on the laws of the countries in which the Company operates.

The Company's principal mineral properties and mining rights are located in Venezuela. In 2005 the Government of Venezuela announced that it would be changing the mining title regime from a system where title was granted in the form of either concessions or operating contracts to a system where all new titles would be granted in the form of operating contracts. In order to effect this change, the Government advised that it would need to create a national mining company which would be the nation's contracting party covering the entire country of Venezuela. The Government also indicated that, given this change in title regime, it would also be appropriate to review all existing mining companies in a single comprehensive exercise to ensure that only companies found to be in compliance with their existing title terms and conditions would qualify for the new title.

18. RISKS (Cont'd)

Country Risk

The Company's mineral exploration and exploitation activities may be adversely affected by political instability and legal and economic uncertainty in the countries where the Company has operations. The risks associated with the Company's foreign operations may include political unrest, labour disputes, invalidation of governmental orders and permits, corruption, war, civil disturbances and terrorist actions, arbitrary changes in laws, regulation and policies, taxation, price controls, exchange controls, delays in obtaining or the inability to obtain necessary permits, opposition to mining from environmental or other nongovernmental organizations, limitations on foreign ownership, limitations on repatriation of earnings, limitations on mineral exports and increased financing costs. These risks may limit or disrupt the Company's projects or operations, restrict the movement of funds or result in the deprivation of contractual rights or the taking of property by nationalization, expropriation or other means without fair compensation. The Company's mineral properties and mining rights are located in Venezuela and as such the Company may be affected by political or economic instabilities.

Currency Risk

The Company is exposed to currency risk as certain of its assets are denominated in foreign currencies. Unfavourable changes in the applicable exchange rate may result in a decrease or increase in foreign exchange gains or losses. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

The Company's Venezuelan operations and cash holdings are currently subject to currency and exchange controls. These government imposed controls may adversely affect the Company as such controls restrict the Company's ability to transfer U.S. dollars out of the country.

As at June 30, 2007, the Company holds cash of $306,319 (December 31, 2006 - $1,384,420) in Venezuelan Bolivars.

19. SUBSEQUENT EVENTS

Goldfields Acquisition

On October 11, 2007, the Company entered into a combination agreement with Gold Fields Netherlands Services BV ("GF Netherlands") a company existing under the law of Netherlands and a wholly-owned subsidiary of Gold Fields Limited ("Gold Fields"). Pursuant to the combination agreement, Rusoro Mining (BVI) Ltd. ("Rusoro BVI") a wholly owned subsidiary of the Company will merge into Venezuela Holdings (BVI) Ltd. ("VHL") a wholly owned subsidiary of GF Netherlands. On Closing, the merged entity will be a wholly-owned subsidiary of the Company and will own, directly or indirectly, 100% of the Venezuelan interests currently held by Gold Fields, including the producing Choco 10 mine situated in the El Callao district of Bolivar State, Venezuela.

Pursuant to the Acquisition, GF Netherlands (i) will subscribe for and will be issued 140,000,000 common shares of the Company for an aggregate subscription price in U.S. dollars equal to the aggregate fair market value of all of the companies being acquired by the Company at the time of closing less US$180,000,000, which the Company anticipates will result in an effective subscription prices of US$2.36 per common share, and (ii) in addition, will in effect be paid the sum of US$180,000,000 in cash. The US$180,000,000 cash portion of the transaction consideration will not be paid to GF Netherlands directly by the Company or any subsidiary nor will the company receive cash consideration for the shares issued to GF Netherlands. Instead, the closing steps contemplated by the Combination Agreement will involve two short term loans being made by a financial institution or other lender to each of the company and VHL and certain other transactions an payments between

19. SUBSEQUENT EVENTS (Cont'd)

the parties, which will in effect result in GF Netherlands receiving upon closing the US$180,000,000 cash amount. Both short term loans will be repaid in their entirety as part of the closing of the Acquisition.
To finance the cash portion of the Acquisition, on October 12th, 2007, in connection with the acquisition, the Company entered into an underwriting agreement with a syndicate of underwriters co-led by Canaccord Adams Limited and GMP Securities and including PI Financial (the "Financing"). Pursuant to the Underwriting Agreement, 93,750,000 Subscription Receipts were sold at a price of CDN$2.40 per Subscription Receipt for gross proceeds of CDN$225,000,000. Ultimately, each Subscription Receipt will be exchanged for one Unit consisting of one common share of the Company and one share purchase warrant of the Company. Each warrant will entitle the holder to purchase one common share of the Company at a price of $4.00 per common share for five years following the effective date of the Acquisition.

The Financing closed into escrow for C$225 million on October 31, 2007 and the net proceeds will be released from escrow, together with accrued interest, to Rusoro BVI for closing of the Acquisition and upon satisfaction of certain release conditions.

On closing of the Acquisition, Gold Fields will hold approximately 36.7% of the Company's shares. Gold Fields has agreed that it will not sell any of its shares for the period of 8 months after closing and has agreed to restrictions on resales after that time in order to maintain an orderly market. Subject to Gold Fields maintaining certain shareholder thresholds, Gold Fields will be entitled to nominate up to 2 board members to the Company's board of directors

20. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the current year's presentation.