

NORTEC VENTURES CORP.

(An Exploration Stage Company)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Six Months Ended June 30, 2008

Expressed in Canadian Funds

(Unaudited – Prepared by Management)

NOTICE

The accompanying unaudited consolidated financial statements of Nortec Ventures Corp. for the six month period ended June 30, 2008, have been prepared by management and have not been the subject of a review by the Company's independent auditor.

Management's Responsibility for Financial Reporting

The accompanying unaudited consolidated financial statements of Nortec Ventures Corp. ("the Company") have been prepared by management in accordance with Canadian generally accepted accounting principles, and contain estimates based on management's judgment. Management maintains an appropriate system of internal control to provide reasonable assurance that transactions are authorized, assets safeguarded, and proper records maintained.

The Audit Committee of the Board of Directors has met with the Company's management to review the unaudited consolidated financial statements and related financial reporting matters prior to submitting the unaudited consolidated financial statements to the Board for approval.

The Company's auditors, PricewaterhouseCoopers LLP, are appointed by the shareholders to conduct the annual audit in accordance with Canadian generally accepted auditing standards.

"Mohan R. Vulimiri"

Mohan R. Vulimiri , Chief Executive Officer
and Director

"Adam R. Kniec"

Adam R. Kniec , Chief Financial Officer

Nortec Ventures Corp.
Statement 1
(An Exploration Stage Company)
Interim Consolidated Balance Sheets
As at
Canadian Funds

	June 30, 2008 (Unaudited)	December 31, 2007
ASSETS		
Current		
Cash and cash equivalents	\$ 240,774	\$ 485,846
Short term investment (Note 5)	959,733	1,930,000
Cash held in trust (Note 7 e)	43,000	43,000
Accounts receivable	25,799	44,550
Prepaid expenses	10,334	1,660
	1,279,640	2,505,056
Equipment (Note 6)	16,021	16,194
Mineral Interests (Note 7)	3,716,196	3,972,829
	\$ 5,011,857	\$ 6,494,079
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 670	\$ 37,822
Due to related parties (Note 9)	-	5,750
	670	43,572
Future Income Tax Liability (Note 11b)	12,297	17,191
	12,967	60,763
SHAREHOLDERS' EQUITY		
Share Capital (Note 8)	6,739,793	7,345,167
Contributed Surplus (Note 8)	1,445,680	991,770
Deficit – Statement 2	(3,186,583)	(1,903,621)
	4,998,890	6,433,316
	\$ 5,011,857	\$ 6,494,079

ON BEHALF OF THE BOARD:

“Mohan R. Vulimiri”

Mohan R. Vulimiri, Director

“Peter F. Tegart”

Peter F. Tegart, Director

Nortec Ventures Corp.
Statement 2

Ste(An Exploration Stage Company)

Interim Consolidated Statements of (Income) Loss and Comprehensive (Income) Loss and Deficit

For the six month period ended June 30, 2008

Unaudited, Canadian Funds

	Three Months period ended June 30, 2008	Three Months period ended June 30, 2007	Six Month period ended June 30, 2008	Six Month period ended June 30, 2007
General and Administrative Expenses				
Stock based compensation expense	\$ 82,276	\$ 100,494	\$ 127,139	\$ 159,357
Management consulting fees	29,100	15,000	57,700	29,730
Legal fees	39,780	23,999	44,661	24,317
Advertising and promotion	28,733	19,143	44,110	30,100
Property research	3,599	-	17,030	-
Regulatory compliance	5,670	4,312	14,295	8,712
Consulting fees	13,600	-	13,600	-
Accounting and audit	6,563	2,565	12,563	5,565
Office rent	5,400	1,830	10,800	3,660
Administration services	1,500	5,000	9,000	12,500
Shareholder information	6,191	4,341	8,794	7,316
Insurance	5,394	-	8,066	-
Technical services	1,500	2,200	3,750	5,500
Transfer agent fees	1,179	-	2,898	984
Travel and accommodation	2,464	11,214	2,464	11,214
Office supplies	-	1,091	1,653	1,091
Telecommunication	516	1,172	1,025	1,303
Workers compensation	450	-	757	-
Bank charges and fees	189	170	467	579
Depreciation	172	246	172	246
	234,276	192,777	380,944	302,174
Other (Income)Expenses				
Foreign exchange (gain) loss	625	7,797	1,384	2,387
Interest income	(5,290)	-	(28,096)	-
Write-off of mineral interests	-	-	1,221,671	-
Loss Before Income Taxes	229,611	200,574	1,575,903	304,561
Future income tax recovery (Note 11)	-	-	(292,950)	-
Loss and Comprehensive Loss for the Period	229,611	200,574	1,282,953	304,561
Deficit – Beginning of Period	2,956,972	1,281,916	1,903,630	1,177,929
Deficit – End of Period	\$ 3,186,583	\$ 1,482,490	\$ 3,186,583	\$ 1,482,490
Loss per share – Basic and diluted	\$ 0.00	\$ 0.01	\$ 0.02	\$ 0.01
Weighted average number of common shares outstanding	60,781,334	37,979,984	60,781,334	41,885,461

- See Accompanying Notes -

Nortec Ventures Corp.

Statement 3

(An Exploration Stage Company)

Interim Consolidated Statements of Cash Flows

For the six month period ended June 30, 2008

(Unaudited)

Canadian Funds

	Three Months period ended June 30, 2008	Three Months period ended June 30, 2007	Six Month period ended June 30, 2008	Six Month period ended June 30, 2007
Cash Resources Provided By (Used In)				
Operating Activities				
Loss for the period	\$ (229,611)	\$ (200,574)	\$ (1,282,953)	\$ (304,561)
Items not affecting cash:				
Stock based compensation	87,295	100,494	127,139	159,357
Write-off of mineral interests	-	-	1,221,672	-
Future income tax recovery	-	-	(292,950)	-
Amortization	172	246	172	246
Accrued term deposit interest	(29,733)	-	(29,733)	-
Changes in non-cash working capital:				
Accounts receivable	(17,728)	10,379	18,751	29,531
Prepaid expenses	5,394	(27,150)	(8,674)	(26,107)
Accounts payable and accrued liabilities	(15,982)	(7,725)	(37,152)	(24,982)
Bank loan	-	(13,110)	-	(16,698)
Due to related parties	(19,350)	(20,020)	(5,750)	(9,370)
	(219,543)	(157,460)	(289,478)	(192,584)
Investing Activities				
Mineral interests expenditures	(808,563)	(288,888)	(955,585)	(372,100)
Short term investments	522,137	-	1,000,000	-
	(286,426)	(288,888)	44,415	(372,100)
Financing Activities				
Issuance of share capital	-	1,057,894	-	2,426,662
Subscription receipts	-	-	-	645,000
	-	1,057,894	-	3,071,662
Net Increase in Cash and Cash Equivalents	(505,969)	611,546	(245,063)	2,506,978
Cash position – Beginning of Period	746,743	2,036,664	485,837	141,232
Cash position – End of Period	\$ 240,774	\$ 2,648,210	\$ 240,774	\$ 2,648,210
Supplemental schedule of non cash investing and financing transactions:				
Future income tax liability included in share capital	\$ -	\$ -	\$ 292,950	\$ -
Future income tax included in mineral properties	\$ 4,895	\$ -	\$ 4,895	\$ -
Stock based compensation included in contributed surplus	\$ 87,295	\$ 100,494	\$ 141,487	\$ 159,357
Stock based compensation included in mineral properties	\$ 5,020	\$ -	\$ 14,348	\$ -
Shares issued for mineral properties	\$ -	\$ 140,964	\$ -	\$ 140,964

- See Accompanying Notes -

Nortec Ventures Corp.

(An Exploration Stage Company)

Notes to Interim Consolidated Financial Statements

For the six month period ended June 30, 2008

Unaudited – Prepared by Management

Canadian Funds

1. Nature of Operations

Nortec Ventures Corp. (the “Company”) is an exploration stage company incorporated in the province of British Columbia and is engaged in the acquisition and exploration of mineral properties.

2. Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned Ecuadorian subsidiary Nortec Ecuador S.A. (“NESA”). NESA was incorporated in June 2006 as Minera Nortec Ecuador S.A, and on October 10, 2007 it changed its name to Nortec Ecuador S.A. All inter-company transactions and balances are eliminated upon consolidation.

3. Significant Accounting Policies

(a) Basis of Presentation

The accompanying unaudited interim consolidated financial statements are prepared by management in accordance with generally accepted accounting principles (“GAAP”) in Canada with respect to the preparation of interim financial statements. Accordingly, they do not include all the information and disclosures required by Canadian GAAP in preparation of annual financial statements. The accounting policies used in the preparation of the accompanying unaudited interim financial statements are the same as those described in the annual audited financial statements for the year ended December 31, 2007.

In the opinion of management of the Company, all adjustments considered necessary for fair presentation have been included in these interim financial statements. The interim financial statements should be read in conjunction with the Company’s audited financial statements for the year ended December 31, 2007.

(b) Management Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reported years. Actual results could differ from those estimates.

Nortec Ventures Corp.

(An Exploration Stage Company)

Notes to Interim Consolidated Financial Statements

For the six month period ended June 30, 2008

Unaudited – Prepared by Management

Canadian Funds

3. Significant Accounting Policies - *continued*

(c) Accounting Changes

(i) **Capital Disclosures** – Effective January 1, 2008, the Company adopted the CICA Section 1535 *Capital Disclosures*. This standard requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such non-compliance.

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders, and to bring its exploration projects to commercial production.

The capital structure of the Company currently consists of common shares, flow through common shares, stock options and warrants. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, or sell assets to fund operations. The Company is not subject to externally imposed capital requirements.

(ii) **International Financial Reporting Standards ("IFRS")** - In 2006, the Canadian Accounting Standards Board ("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 generally accepted accounting principles ("GAAP") with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP, 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.

4. Financial Instruments

Effective January 1, 2007, the Company adopted CICA Section 3855, *Financial Instruments - Recognition and Measurement*. This section establishes standards for determining when a financial asset, financial liability or non-financial derivative is to be recognized on the balance sheet and whether it will be measured using a cost-based or fair value method. The adoption of this new accounting policy had no significant effect on these financial statements.

Financial Instrument Disclosures – Effective January 1, 2008, The Company adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3862 *Financial Instruments – Disclosures* and Section 3863 *Financial Instruments – Presentation*, which together comprise a complete set of disclosure and presentation requirements that revise and enhance current disclosure requirements. Section 3862 requires disclosure of additional detail by financial asset and liability categories. Section 3863 establishes standards for presentation of financial instruments and non-financial derivatives. The standard deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. The adoption of these sections did not have a material impact on the Company's disclosure and presentation.

Nortec Ventures Corp.

(An Exploration Stage Company)

Notes to Interim Consolidated Financial Statements

For the six month period ended June 30, 2008

Unaudited – Prepared by Management

Canadian Funds

4. Financial Instruments - continued

Categories of Financial Instruments - The Company's financial instruments are classified into one of the following five categories under Canadian generally accepted accounting principles: held-for-trading, held to maturity investments, loans and receivables, available-for-sale financial assets and other financial liabilities. As at June 30, 2008, the carrying and fair value amounts of the Company's financial instruments are the same. The carrying value of the Company's financial instruments is classified into the following categories:

	June 30, 2008		December 31, 2007	
Held for trading (1)	\$	1,243,507	\$	2,458,846
Loans and receivables (2)	\$	25,799	\$	44,550
Other financial liabilities (3)	\$	12,967	\$	43,572

(1) Includes cash and cash equivalents, cash held in trust and short term investments

(2) Includes accounts receivable

(3) Includes accounts payable and accrued liabilities and amounts due to related parties

The Company's financial instruments are exposed to the following financial risks:

- (a) **Credit Risk** – Credit risk is the risk that one party to a financial instrument will fail to fulfil an obligation and cause the other party to incur a financial loss. The Company's credit risk consists primarily of cash and cash equivalents and short term investments. The credit risk is minimized by placing cash and cash equivalents and investing short term investments with major Canadian financial institutions. The Company does not invest in asset-backed commercial papers.
- (b) **Currency Risk** – The Company is exposed to foreign currency fluctuations to the extent accounts payable and accrued liabilities of the Company are not denominated in Canadian dollars. As at June 30, 2008, there were \$670 (December 31, 2007 - \$1,822) of liabilities denominated in US dollars. These liabilities were included in accounts payable and accrued liabilities. Financial instruments that impact the Company's net earnings or other comprehensive income due to currency fluctuations include USD denominated cash and cash equivalents, accounts receivable and accounts payable. A 10% change in exchange rate between the US and the Canadian dollar would not significantly impact the Company's net loss, due to immaterial amounts of financial instruments that are denominated in currencies other than the Canadian dollar.
- (c) **Liquidity Risk** – Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. To mitigate this risk, the Company has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures. The Company insures that sufficient funds are raised from private placements to meet its operating requirements, after taking under account existing cash and cash equivalents, short term investments and expected exercise of stock options and share purchase warrants.
- (d) **Interest Rate Risk** - Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the short-term investments is limited because these investments, although available for sale, are generally held to maturity.

Nortec Ventures Corp.

(An Exploration Stage Company)

Notes to Interim Consolidated Financial Statements

For the six month period ended June 30, 2008

Unaudited – Prepared by Management

Canadian Funds

5. Short Term Investments

As of June 30, 2008, the Company's short term investments consisted of one term deposit. The cost of this investment is \$930,000 bearing interest at 3.2% per annum and maturing on June 30, 2008. Interest accrued as at June 30, 2008 amounts to \$29,733.

As of December 31, 2007, short term investments consisted of two term deposits: one with a principal value of \$1,000,000 bearing interest at 4.9% per annum and maturing on February 11, 2008, and one with a principal value of \$930,000 bearing interest at 4.8% per annum maturing on March 31, 2008. As at December 31, 2007, accrued interest relating to these short term investments of \$18,660 and \$11,007 respectively has been included in accounts receivable.

6. Equipment

Details are as follows:

		Cost		Accumulated Depreciation		June 30, 2008 Net Book Value
Vehicle	\$	14,575	\$	(3,299)	\$	11,276
Computer equipment		6,469		(4,245)		2,224
Furniture		2,840		(319)		2,521
	\$	23,884	\$	(7,863)	\$	16,021

		Cost		Accumulated Depreciation		December 31, 2007 Net Book Value
Vehicle	\$	14,575	\$	(3,299)	\$	11,276
Computer equipment		6,469		(4,072)		2,397
Furniture		2,840		(319)		2,521
	\$	23,884	\$	(7,690)	\$	16,194

7. Mineral Interests

The Company's capitalized property costs as at June 30, 2008 are as follows:

	TL Property Labrador	Ganarin Property Ecuador	Condorocho Property Ecuador	Kaukua Property Finland	Kingurutik Property Labrador	Total
Acquisition costs	\$ 150,723	\$ 91,394	\$ 62,332	\$ 5,425	\$ 10,000	\$ 319,874
Exploration costs	1,557,914	1,190,671	1,329	560,344	86,064	3,396,322
Total	\$ 1,708,637	\$ 1,282,065	\$ 63,661	\$ 565,769	\$ 96,064	\$ 3,716,196

Nortec Ventures Corp.

(An Exploration Stage Company)

Notes to Interim Consolidated Financial Statements

For the six month period ended June 30, 2008

Unaudited – Prepared by Management

Canadian Funds

7. Mineral Interests - continued

Mineral interest expenditures for the six month period ended June 30, 2008 are as follows;

	TL Property Labrador	Ganarin Property, Ecuador	Condorcocha Property, Ecuador	Koillismaa Property, Finland	Kaukua Property, Finland	Kingurutik Property Labrador	Total
Balance as at December 31, 2007	\$ 1,263,129	\$ 1,180,160	\$ 63,661	\$ 1,220,172	\$ 245,707	\$ -	\$ 3,972,829
Activity 2008:							
Acquisition costs	-	-	-	-	-	10,000	10,000
Option payments	20,000	-	-	-	-	-	20,000
Exploration Costs:							
Office expenses	-	44,872	-	-	-	-	44,872
Project management fees	-	-	-	-	84,570	-	84,570
Geological survey	-	32,393	-	-	4,943	-	37,336
Geophysical survey	130,895	-	-	-	47,186	86,064	264,145
Drilling	265,733	-	-	-	151,378	-	417,111
Assay	-	1,453	-	-	61,936	-	63,389
Camp expenses	23,000	10,268	-	-	11,797	-	45,065
Government fees, licenses, permits	5,880	-	-	1,500	1,606	-	8,986
Travel	-	9,631	-	-	19,211	-	28,842
Bank charges and fees	-	375	-	-	462	-	837
Community relations	-	-	-	-	8,482	-	8,482
Accounting and audit	-	1,352	-	-	-	-	1,352
Legal fees	-	1,745	-	-	30,001	-	31,746
IVA sales tax	-	4,711	-	-	-	-	4,711
Future income tax	-	(4,895)	-	-	-	-	(4,895)
Project rebates	-	-	-	-	(101,510)	-	(101,510)
Total activity 2008	445,508	101,905	-	1,500	320,062	96,064	965,039
Write-off of mineral interests	-	-	-	(1,221,672)	-	-	(1,221,672)
Total	\$ 1,708,637	\$ 1,282,065	\$ 63,661	\$ -	\$ 565,769	96,064	\$ 3,716,196

Nortec Ventures Corp.*(An Exploration Stage Company)***Notes to Interim Consolidated Financial Statements****For the six month period ended June 30, 2008**

Unaudited – Prepared by Management

*Canadian Funds***7. Mineral Interests - continued**

Mineral interest expenditures in 2007 are as follows;

	TL Property, Labrador	Ganarin Property, Ecuador	Condorcocha Property, Ecuador	Koillismaa Property, Finland	Kaukua Property, Finland	Total
Balance as at December 31, 2006	\$ 1,235,271	\$ 983,218	\$ 63,661	\$ 239,997	\$ -	\$ 2,522,147
Activity 2007:						
Acquisition costs	-	-	-	-	5,425	5,425
Option payments	20,000	-	-	258,434	-	278,434
Exploration costs:						
Project management	-	-	-	67,682	22,439	90,121
Office management	-	72,976	-	-	-	72,976
Geological survey	-	51,196	-	123,255	-	174,451
Drilling	-	-	-	429,209	217,843	647,052
Assay	-	993	-	-	-	993
Camp expenses	-	13,513	-	-	-	13,513
Fees, licenses and permits	7,858	970	-	95,029	-	103,857
Travel	-	21,104	-	2,336	-	23,440
Bank fees, foreign exch.	-	1,588	-	-	-	1,588
Legal expenses	-	4,428	-	-	-	4,428
Community relations	-	3,477	-	4,230	-	7,707
Accounting audit	-	5,474	-	-	-	5,474
IVA Sales tax	-	4,032	-	-	-	4,032
Future income tax	-	17,191	-	-	-	17,191
Total activity 2007	27,858	196,942	-	980,175	245,707	1,450,682
Balance as at December 31, 2007	\$ 1,263,129	\$ 1,180,160	\$ 63,661	\$ 1,220,172	\$ 245,707	\$ 3,972,829

Nortec Ventures Corp.

(An Exploration Stage Company)

Notes to Interim Consolidated Financial Statements

For the six month period ended June 30, 2008

Unaudited – Prepared by Management

Canadian Funds

7. Mineral Interests - continued

a) TL Property, Labrador

On May 14, 2003 the Company entered into an option agreement whereby the Company can earn up to a 100% interest in the TL Property located in northern Labrador. The Company, at its option, may earn a 51% interest by making cash payments, incur minimum exploration expenditures and issue common shares and warrants as follows:

	Option Payments	Share Purchase Warrants	Shares		Exploration Expenditures
TSX approval March 17, 2004 *	\$ -	500,000	500,000	\$	-
On or before March 17, 2005 **	10,000	-	-		100,000
On or before March 17, 2006 **	20,000	-	-		200,000
On or before March 17, 2007**	20,000	-	-		300,000
On or before March 17, 2008**	20,000	-	-		400,000
On or before March 17, 2009	30,000	-	200,000		500,000
Total	\$ 100,000	500,000	700,000	\$	1,500,000

* Issued

** Paid, incurred

Excess expenditures in any year are carried forward and applied to future expenditure obligations.

Upon earning a 51% interest, should the optionor elect not to participate in future exploration, the Company may, in stages, earn up to a 100% interest in the property by issuing an additional 400,000 common shares and incurring an additional \$10,000,000 in cumulative exploration expenditures over a ten year period, and granting a 2.5% net smelter return to the optionor.

b) Ganarin Property, Ecuador

On April 18, 2005 the Company entered into an option agreement to acquire a 49% undivided interest in the Ganarin Property consisting of Ganarin and Ganarin II mineral concessions, located near the town of Santa Isabel, Southern Ecuador.

Nortec Ventures Corp.*(An Exploration Stage Company)***Notes to Interim Consolidated Financial Statements****For the six month period ended June 30, 2008**

Unaudited – Prepared by Management

*Canadian Funds***7. Mineral Interests - continued****b) Ganarin Property, Ecuador - continued**

The Company, at its option, may earn a 49% interest by making cash payments, incur minimum exploration expenditures and issue common shares as follows:

	Option Payments USD	Shares	Exploration Expenditures USD
TSX approval May 4, 2005 *	\$ 25,000	100,000	\$ -
On or before May 4, 2006 * **	-	200,000	250,000
On or before May 4, 2007 ***	-	200,000	250,000
On or before May 4, 2008 ***	-	250,000	500,000
On or before May 4, 2009	-	250,000	500,000
Total	\$ 25,000	1,000,000	\$ 1,500,000

* Issued

** Incurred

*** These shares were not issued yet. The Company and the optionor have agreed to extend the due date for the issuance of 200,000 shares from May 4, 2007 to April 18, 2008. The optionor is currently undergoing restructuring prior to going public. This has delayed further extensions to share issuance due dates the Company is currently negotiating with the optionor. All required exploration expenditures have been incurred before the due date.

Excess expenditures in any year are carried forward and applied to future expenditure obligations.

Provided the above conditions are satisfied the Company may, at its option increase its interest to 51% by incurring additional expenditures of US\$1,000,000.

In the event that the Company's interest dilutes below a 10% Joint Venture Interest, it shall automatically be converted to 1% Net Smelter Return.

c) Condorcocha Property, Ecuador

On April 18, 2005 the Company entered into an option agreement to acquire a 70% interest in the Condorcocha project claims located in Azuay Province, Ecuador, consisting of the following properties;

- 1) Daligshi
- 2) Shagli I, II
- 3) Condorcocha
- 4) Paredones del Inca I

Nortec Ventures Corp.*(An Exploration Stage Company)***Notes to Interim Consolidated Financial Statements****For the six month period ended June 30, 2008**

Unaudited – Prepared by Management

*Canadian Funds***7. Mineral Interests - continued****c) Condorcocha Property, Ecuador - continued**

The optionor lost title to these claims due to non compliance with the new Ecuadorian mining and exploration regulations. The optionor is currently working on regaining title to these claims. Under the terms of the original agreement signed in 2005, at the Company's option, the Company may earn a 70% interest by making cash payments, incur minimum exploration expenditures and issue common shares as follows:

	Option Payments USD	Shares Issued	Exploration Expenditures USD
TSX approval May 4, 2005 *	\$ 25,000	50,000	\$ -
On or before May 4, 2006 *	-	100,000	100,000
On or before May 4, 2007 **	-	150,000	400,000
On or before May 4, 2008 **	-	200,000	500,000
On or before May 4, 2009	-	300,000	500,000
Total	\$ 25,000	800,000	\$ 1,500,000

* Issued

** These shares were not issued yet. The Company and the optionor have agreed to extend the due date for the issuance of 150,000 shares and incurring US\$400,000 of exploration expenditures from May 4, 2007 to April 18, 2008. The optionor is currently undergoing restructuring prior to going public. This has delayed further negotiations with the optionor to amend the terms of the agreement

Nortec Ventures Corp.

(An Exploration Stage Company)

Notes to Interim Consolidated Financial Statements

For the six month period ended June 30, 2008

Unaudited – Prepared by Management

Canadian Funds

7. Mineral Interests - continued

d) Koillismaa-Naranka Property, Finland

On June 14, 2006, the Company entered into an option agreement to acquire a 60% participation interest for the Koillismaa-Naranka nickel-copper-platinum group elements project in north-eastern Finland by making cash payments and or issuing common shares and incurring minimum exploration expenditures as follows:

	Option Payments (Euros)	Shares Issued	Exploration Expenditures (Euros)
TSX approval May 19, 2006 (issued)	€ -	400,000	€ -
On or before May 5, 2007 (incurred)	-	-	250,000
On or before June 14, 2007 *	100,000	-	-
On or before June 14, 2008	150,000	-	250,000
On or before June 14, 2009	-	-	250,000
Total	€ 250,000	400,000	€ 750,000

* On June 28, 2007, the Company issued 783,134 common shares valued at \$0.33 per share for total value of \$258,434 in lieu of its June 14, 2007 €100,000 option payment obligation.

During the current period the Company's management decided to discontinue its interest in this property, and all accumulated resource property costs have been written off.

e) Kaukua Property, Finland

On July 29, 2008, the Company entered into an option agreement to earn a 70% interest in the Kaukua platinum, palladium, gold property in northeastern Finland by making option payments of €190,000 (in cash or shares) and incurring initial exploration expenditures of €600,000 over three years from the date of the option agreement. As of June 30, 2008, the Company incurred \$565,769 of acquisition and exploration costs on this project.

On July 29, 2008 the option agreement was signed by the Company having received confirmation that exploration licenses for the property have been obtained. The Company has released payment of €30,000 (\$43,000), which was being held in trust, and the second option payment of €60,000 (\$101,000) was made.

The summary of the terms of the option agreement are as follows:

	Option Payments (Euros)	Exploration Expenditures (Euros)
Upon claim ownership confirmation *	€ 30,000	€ -
On or before July 26, 2008	-	150,000
On or before the 1 st anniversary date of the option agreement *	60,000	-
On or before the 2 nd anniversary date of the option agreement	100,000	-
On or before the 3 rd anniversary date of the option agreement	-	450,000
Total	€ 190,000	€ 600,000

* Paid July 29, 2008

Nortec Ventures Corp.

(An Exploration Stage Company)

Notes to Interim Consolidated Financial Statements

For the six month period ended June 30, 2008

Unaudited – Prepared by Management

Canadian Funds

7. Mineral Interests - continued

f) Kingurutik Property, Labrador

On August 4, 2008, the Company entered into an option agreement with Vulcan Minerals Inc. (“Vulcan”) to earn a 51% interest in the Kingurutik River property (“Kingurutik property”) located in northern Labrador by making cash payments, issuing common shares and incurring minimum exploration expenditures as follows:

	Cash	Shares	Exploration Expenditures
Upon TSX Venture Exchange approval	\$ 10,000 *	200,000 **	\$ -
By the 1 st anniversary date of the agreement	30,000	200,000	50,000
By the 2 nd anniversary date of the agreement	30,000	400,000	200,000
By the 3 rd anniversary date of the agreement	50,000	1,000,000	400,000
By the 4 th anniversary date of the agreement	80,000	1,200,000	850,000
Total	\$ 200,000	3,000,000	\$ 1,500,000

* Paid

** Issued August 1, 2008

After earning its 51% interest, the Company can acquire the remaining 49% interest in the property by issuing to Vulcan the greater of:

- (i) An amount of shares equal to 19.9% of the Company's fully diluted share capital at the time of exercise of the option. The 19.9% will include 3,000,000 shares to be issued while earning the 51% interest, and will represent 19.9% of the Company's value attributable to the value of Kingurutik property; or
- (ii) 9,000,000 shares.

Vulcan will retain a 10% net profits interest in all minerals produced from the property convertible at any time to a 2% net smelter return royalty. The letter of understanding shall be incorporated into a formal option agreement subject to TSX Venture Exchange approval. The Company will be the operator of the project.

Nortec Ventures Corp.*(An Exploration Stage Company)***Notes to Interim Consolidated Financial Statements****For the six month period ended June 30, 2008**

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*Canadian Funds***8. Shareholder's Equity**

Details are as follows:

Authorized:

Unlimited common shares without par value	Number of Shares	Share Capital	Contributed Surplus Options	Contributed Surplus Warrants
Balance – December 31, 2006	36,489,116	3,238,792	364,025	237,057
Private placements	17,220,000	2,714,360	-	240,640
Warrants exercised	5,286,584	957,988	-	-
Shares issued for mineral interests	783,134	258,434	-	-
Fair value of warrants exercised	-	223,362	-	(223,362)
Share issuance costs	1,002,500	(47,769)	-	14,219
Stock based compensation expense	-	-	359,191	-
Balance – December 31, 2007	60,781,334	\$ 7,345,167	\$ 723,216	\$ 268,554
Share issue costs (Note 11a)	-	(292,950)	-	-
Warrant fair value	-	(312,424)	-	312,424
Stock based compensation expense	-	-	141,486	-
Balance – June 30, 2008	60,781,334	\$ 6,739,793	\$ 864,702	\$ 580,978

a) Shares Issuances

There was no share issuance activity for the six month period ended June 30, 2008. See Subsequent events Note 12.

Nortec Ventures Corp.*(An Exploration Stage Company)***Notes to Interim Consolidated Financial Statements****For the six month period ended June 30, 2008**

Unaudited – Prepared by Management

*Canadian Funds***8. Shareholder's Equity - continued****b) Share Purchase Warrants**

As at June 30, 2008 the following share purchase warrants were outstanding:

December 31, 2007	Issued	Exercised	Expired	June 30, 2008	Price	Expiry Date
1,720,000	-	-	-	1,720,000	\$0.45	June 7, 2009 *
2,000,000	-	-	-	2,000,000	\$0.45	July 4, 2009 *
36,000	-	-	-	36,000	\$0.45	June 7, 2008 *
180,000	-	-	-	180,000	\$0.45	July 4, 2008 *
3,936,000	-	-	-	3,936,000	\$0.45	

* On May 27, 2008 the TSX Venture Exchange approved an extension of expiry dates from June 7, 2008 to June 7, 2009 and July 4, 2008 to July 4, 2009 except for finder fee warrants in the amounts of 36,000 and 180,000.

As at December 31, 2007 the following share purchase warrants were outstanding:

December 31, 2006	Issued	Exercised	Expired	December 31, 2007	Price	Expiry Date
1,395,000	-	1,100,000	295,000	-	\$0.30	July 14, 2007
4,249,084	-	4,186,584	62,500	-	\$0.15	May 3, 2007
-	1,756,000	-	-	1,756,000	\$0.45	June 7, 2009 *
-	2,180,000	-	-	2,180,000	\$0.45	July 4, 2009 *
5,644,084	3,936,000	5,286,584	357,500	3,936,000	\$0.45	

c) Stock options

In August 2004 the Company adopted a stock option plan (amended June 14, 2007) whereby the Company may grant stock options to eligible employees, officers, directors and consultants at an exercise price to be determined by the board of directors, provided the exercise price is not lower than the market price at the time of issue. The Plan provides for the issuance of up to 20% of the Company's issued common shares as at the date of shareholder approval with each stock option having a maximum term of five years. The board of directors has the exclusive power over the granting of options.

Nortec Ventures Corp.*(An Exploration Stage Company)***Notes to Interim Consolidated Financial Statements****For the six month period ended June 30, 2008**

Unaudited – Prepared by Management

*Canadian Funds***8. Shareholder's Equity - continued****c) Stock options - continued**

As of June 30, 2008 the Company had 7,335,000 incentive stock options outstanding as follows:

December 31, 2007	Granted in the period	Exercised in the period	Cancelled in the period	June 30, 2008	Price	Expiry Date
670,000	-	-	-	670,000	\$ 0.10	August 17, 2009
590,000	-	-	-	590,000	\$ 0.20	June 15, 2010
150,000	-	-	-	150,000	\$ 0.15	October 26, 2010
2,750,000	-	-	-	2,750,000	\$ 0.20	July 6, 2011
					\$	November 10, 2008
100,000	-	-	-	100,000	0.28	
300,000	-	-	-	300,000	\$ 0.28	October 16, 2011
50,000	-	-	-	50,000	\$ 0.30	October 15, 2009
					\$	November 14, 2009
75,000	-	-	-	75,000	0.30	2009
					\$	November 14, 2011
600,000	-	-	-	600,000	0.30	
950,000	-	-	-	950,000	\$ 0.30	October 15, 2012
-	1,000,000	-	-	1,000,000	\$ 0.25	April 1, 2012
-	100,000	-	-	100,000	\$ 0.25	April 1, 2010
6,235,000	1,100,000	-	-	7,335,000	\$ 0.19	

On April 1, 2008, the Company granted 1,000,000 stock options to its directors, officers and employees. These options are exercisable at \$0.25 on or before April 1, 2012. On April 1, 2008, the Company granted 1,000,000 stock options to a consultant. These options are exercisable at \$0.25 on or before April 1, 2010.

The following weighted average assumptions were used to calculate the fair value of the Company's stock options and warrants:

	2008	2007
Risk-free interest rate	2.98%	4.18%
Expected life of options	3.86 years	4.44 years
Annualized volatility	128.47%	129%
Dividend Rate	0.00%	0.00%

The Company uses the Black-Scholes pricing model. Option and warrant fair value 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 and warrants.

As at June 30, 2008 – 5,672,500 options were fully vested.

Nortec Ventures Corp.*(An Exploration Stage Company)***Notes to Interim Consolidated Financial Statements****For the six month period ended June 30, 2008**

Unaudited – Prepared by Management

*Canadian Funds***9. Related Party Transactions**

Except as disclosed elsewhere in these financial statements, related party transactions are as follows:

Paid/Accrued to:		June 30, 2008	June 30, 2007
Management fees	Directors and officers	\$ 71,300	\$ 30,000
Office rent	Company with directors in common	\$ 10,800	\$ 3,660
Office rent, services	Company with directors in common	\$ 33,550	\$ 23,000

As at June 30, 2008 \$Nil (December 31, 2007 - \$5,750) is payable to a company with a director in common.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

10. Segmented Information

Details of segmented information by geographic location are as follows:

Period ended June 30, 2008	Canada	Ecuador	Finland	Total
Net (income) loss for the period	\$ 59,854	\$ 1,427	\$ 1,221,671	\$ 1,282,952
Mineral interests	\$ 1,804,700	\$ 1,345,727	\$ 565,769	\$ 3,716,196
Other assets	\$ 1,266,596	\$ 29,065	\$ -	\$ 1,295,661
Total assets	\$ 3,071,296	\$ 1,374,792	\$ 565,769	\$ 5,011,857
Year ended December 31, 2007	Canada	Ecuador	Finland	Total
Net loss for the year	\$ 720,519	\$ 5,173	\$ -	\$ 725,692
Mineral interests	\$ 1,263,129	\$ 1,243,821	\$ 1,465,879	\$ 3,972,829
Total assets	\$ 3,760,158	\$ 1,268,042	\$ 1,465,879	\$ 6,494,079

Nortec Ventures Corp.*(An Exploration Stage Company)***Notes to Interim Consolidated Financial Statements****For the six month period ended June 30, 2008**

Unaudited – Prepared by Management

*Canadian Funds***11. Income Taxes**

a) The Company's provision for income taxes differs from the amounts computed by applying the combined Canadian federal and provincial income tax rates to the net loss as a result of the following:

	June 30, 2008	December 31, 2007
Loss before income taxes	\$ (1,575,903)	\$ (725,692)
Statutory tax rate	31.50%	34.12%
Provision for recovery of taxes at statutory rates	(496,409)	(247,606)
Tax benefit not recognized on current year losses	83,457	162,333
Non-deductible and other items for tax purposes	412,448	84,802
Differences in foreign tax rates	504	471
Future income tax assets recognized to eliminate future income tax liability on renunciation of flow through shares	<u>(292,950)</u>	<u>-</u>
	<u>\$ (292,950)</u>	<u>\$ -</u>

During the year ended December 31, 2007, the Company raised a total of \$930,000 through the issuance of flow-through securities. As of March 31, 2008, none of these flow-through funds have been expended on qualifying expenditures. In the first quarter of 2008, the Company renounced \$930,000 for income tax purposes, to the flow-through investors with an effective renunciation date of December 31, 2007. The future income tax liability of \$292,950 related to this renunciation was recognized in the current period, with the offsetting charge to share capital. The Company's tax pool balances exceed this estimated liability. Therefore in current period, the Company has recognized future income tax assets equal to the future income tax liability of \$292,950 and recorded future income tax recovery for the same amount.

b) The significant components of the future income tax assets and liabilities are as follows:

	June 30, 2008	December 31, 2007
Future income tax assets (liabilities)		
Non-capital loss carry forwards	\$ 406,184	\$ 337,614
Mineral interests – Canada, Finland and other	208,126	105,777
Mineral interests – Ecuador	(12,685)	(17,706)
Share issue costs	17,760	29,919
Other	<u>20,781</u>	<u>20,780</u>
Future income tax assets (liabilities)	640,166	476,384
Valuation allowance	<u>(652,463)</u>	<u>(493,575)</u>
Net future income tax assets (liabilities)	<u>\$ (12,297)</u>	<u>\$ (17,191)</u>

The Company has income tax loss carry forwards of approximately \$1,504,000 in Canada, which may be used to reduce future income taxes otherwise payable and expiring through 2028.

The tax benefit of the above noted tax assets have been offset by recognition of a valuation allowance in these financial statements.

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Canadian Funds

12. Subsequent Events

On August 15, 2008 the Company closed a brokered private placement of 7,000,000 units at a price of \$0.27 per unit for a total gross proceeds of \$1,890,000. Each unit consists of one common share of the company and one-half of one transferable common share purchase warrant. Each whole warrant can be exercised to acquire one additional share at an exercise price of \$0.45. The warrants expire February 14, 2010.

As consideration for having acted as agent, the agent received a commission of \$110,104 and 79,500 units. Each unit consists of one common share of the company and one-half of one transferable common share purchase warrant. Each whole warrant can be exercised to acquire one additional share at an exercise price of \$0.45. The warrants expire February 14, 2010. In addition, the agent received 409,163 compensation options. Each compensation option will entitle the agent to purchase one common share of the company at a price of \$0.30 per common share. The options expire on February 14, 2010. The options are fully vested on completion of the four month holding period. All securities and warrants issued in the offering will have a hold period of four months from the date of closing and ending on December 15, 2008.

The Company completed a non-brokered private placement of 4,000,000 units at a price of \$0.27 per unit. Each unit consists of one share of the company and one-half warrant. Each whole warrant can be exercised to acquire one additional share at an exercise price of \$0.45. The warrants expire January 23, 2010. This private placement will be completed in two tranches. The first tranche consisting of 2,855,185 units for gross proceeds of \$770,900 was completed August 14, 2008. The second tranche consisting of 1,144,815 units for gross proceeds of \$309,100 will be completed August 31, 2008.
