

NORTEC VENTURES CORP.

(An Exploration Stage Company)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Six Months Ended June 30, 2009

Expressed in Canadian Funds

(Unaudited – Prepared by Management)

NOTICE

The accompanying unaudited consolidated financial statements of Nortec Ventures Corp. for the six months ended June 30, 2009 have been prepared by management and have not been the subject of a review by the Company's independent auditor.

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

Statement 1

	June 30, 2009 (Unaudited)	December 31, 2008 (Audited)
ASSETS		
Current		
Cash	\$ 272,161	\$ 49,948
Short term investment (Note 5)	-	400,000
Reclamation bond (Note 5)	4,046	4,298
Term deposit (Note 5)	32,594	32,683
Accounts receivable	15,649	157,700
Prepaid expenses	26,276	7,836
	350,726	652,465
Equipment (Note 6)	100,644	107,401
Mineral Interests (Note 7)	7,198,077	6,435,160
	\$ 7,649,447	\$ 7,195,026
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 89,632	\$ 246,631
Due to related parties (Note 9)	358,613	-
	448,245	246,631
SHAREHOLDERS' EQUITY		
Share Capital (Note 8)	10,664,633	9,039,880
Contributed Surplus (Note 8)	2,842,655	2,330,858
Deficit – Statement 2	(6,306,086)	(4,422,343)
	7,201,202	6,948,395
	\$ 7,649,447	\$ 7,195,026

Nature of Operations and Going Concern (Note 1)

ON BEHALF OF THE BOARD:

“Mohan R. Vulimiri”

Mohan R. Vulimiri, Director

“Peter F. Tegart”

Peter F. Tegart, Director

- See Accompanying Notes -

Nortec Ventures Corp.**Statement 2***(An Exploration Stage Company)***Interim Consolidated Statements of (Income) Loss and Comprehensive****(Income) Loss and Deficit****For the six months ended June 30, 2009****(Unaudited)***Canadian Funds*

	Three months ended June 30, 2009	Three months ended June 30, 2008	Six months ended June 30, 2009	Six months ended June 30, 2008
General and Administrative Expenses				
Salaries and payroll expenses	\$ 132,200	\$ 450	\$ 258,077	\$ 757
Stock based compensation expense (Note 8c)	76,286	82,276	214,249	127,139
Property research	146,636	3,599	166,838	17,030
Advertising and promotion	49,334	31,197	59,384	46,574
Consulting fees	38,500	13,600	50,500	13,600
Management consulting fees (Note 9)	77,250	29,100	95,117	57,700
Office rent	19,126	5,400	38,253	10,800
Office services and expenses	4,570	189	16,314	2,120
Regulatory compliance	4,991	5,670	14,028	14,295
Legal fees	12,995	39,780	13,449	44,661
Amortization	6,082	172	12,038	172
Transfer agent fees	10,175	1,179	10,466	2,898
Insurance	1,990	5,394	9,204	8,066
Shareholder information	1,640	6,191	6,553	8,794
Telecommunication	2,839	516	5,307	1,025
Training courses	-	-	2,550	-
Accounting and audit	-	6,563	-	12,563
Administration services	-	1,500	-	9,000
Technical services	-	1,500	-	3,750
	584,614	234,276	972,327	380,944
Other (Income)Expenses				
Foreign exchange (gain) loss	(2,660)	625	(2,350)	1,384
Interest income	-	(5,290)	(3,037)	(28,096)
Write-off of mineral interests	-	-	-	1,221,671
Investment allowance (Note 12)	916,803	-	916,803	-
Loss Before Income Taxes	1,498,757	229,611	1,883,743	1,575,903
Future income tax recovery (Note 11)	-	-	-	(292,950)
Loss and Comprehensive Loss for the Period	1,498,757	229,611	\$1,883,743	1,282,953
Deficit – Beginning of Period	4,807,329	2,956,972	4,422,343	1,903,630
Deficit – End of Period	6,306,086	3,186,583	6,306,086	\$ 3,186,583
Loss per share – Basic and diluted	\$ 0.02	\$ 0.00	\$ 0.02	\$ 0.02
Weighted average number of common shares outstanding	84,871,110	60,781,334	78,445,832	60,781,334

- See Accompanying Notes -

Nortec Ventures Corp.*(An Exploration Stage Company)***Interim Consolidated Statements of Cash Flows****For the six months ended June 30, 2009***(Unaudited)**Canadian Funds***Statement 3**

	Three months ended June 30, 2009	Three months ended June 30, 2008	Six months ended June 30, 2009	Six months ended June 30, 2008
Cash Resources Provided By (Used In)				
Operating Activities				
Net loss for the period	\$ (1,498,757)	\$ (229,611)	\$ (1,883,743)	\$ (1,282,953)
Items not affecting cash:				
Stock based compensation	76,286	87,295	214,249	127,139
Write-off of mineral interests	-	-	-	1,221,671
Future income tax recovery	-	-	-	(292,950)
Amortization	6,082	172	12,038	172
Changes in non-cash working capital:				
Accounts receivable	(6,331)	(47,461)	142,394	(10,981)
Prepaid expenses	(9,255)	5,394	(18,441)	(8,674)
Accounts payable and accrued liabilities	(208,956)	(15,982)	(157,000)	(37,152)
Due to related parties	358,613	(19,350)	358,613	(5,750)
	(1,282,318)	(219,543)	(1,331,890)	(289,478)
Investing Activities				
Mineral interests expenditures	(414,303)	(808,563)	(719,015)	(955,585)
Purchase of software	(5,281)	-	(5,281)	-
Short term investment	-	522,137	400,000	1,000,000
	(419,584)	(286,426)	(324,296)	44,415
Financing Activities				
Share issuance, net	1,873,399	-	1,878,399	-
	1,873,399	-	1,878,399	-
Net Increase (decrease) in Cash	171,497	(505,969)	222,213	(245,063)
Cash position – Beginning of Period	100,664	746,743	49,948	485,837
Cash position – End of Period	\$ 272,161	\$ 240,774	\$ 272,161	\$ 240,774

- See Accompanying Notes -

Nortec Ventures Corp.

(An Exploration Stage Company)

**Notes to Interim Consolidated Financial Statements
For the six month period ended June 30, 2009**

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.

Going Concern

The Company has not yet determined whether any of its properties contain mineral deposits that are economically recoverable. The recoverability of any amounts shown as deferred mineral interest costs is dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposition of its properties.

While the Company’s consolidated financial statements have been prepared using Canadian generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due, certain conditions and events cast significant doubt on the validity of this assumption. For the six months ended June 30, 2009, the Company reported a loss of \$1,883,743 and as at that date had an accumulated deficit of \$6,306,086. In addition, as of June 30, 2009, the Company’s working capital deficiency of \$42,770. The Company’s ability to continue as a going concern is dependent upon its ability to obtain additional funding from loans or equity financings, option agreements, or through other arrangements. However, there can be no assurance that these activities will be successful.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material.

2. Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned 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 audited 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, 2008.

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, 2008.

3. Significant Accounting Policies (continued)

(b) Management Estimates and Measurement Uncertainty

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. Significant estimates include the basis of impairment of mineral properties and future income taxes. Actual results could differ from those estimates.

(c) Mineral Interests

The Company is exploring and is in the process of determining the extent of mineralization on its mineral properties.

Mineral exploration and development costs are capitalized on an individual prospect basis until such time as an economic ore body is defined or the prospect is abandoned. Costs for a producing property are amortized on a unit-of-production method based on the estimated life of the ore reserves, while costs for the property abandoned are written off.

The recoverability of the amounts capitalized for the undeveloped mineral properties is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development and future profitable production or proceeds from the disposition thereof.

Title to mineral properties 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 mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its mineral properties are in good standing.

Management of the Company regularly reviews the net carrying value of each mineral property. Where information and conditions suggest that there has been impairment, a write-down to the estimated fair value is recorded in the statement of operations.

(d) 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, 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

3. Significant Accounting Policies (continued)

d) Accounting Changes (continued)

placements, or sell assets to fund operations. The Company is not subject to externally imposed capital requirements.

(ii) Going Concern - In April 2007, the CICA approved amendments to Handbook Section 1400, *General Standards of Financial Statement Presentation*. These amendments require management to assess an entity's ability to continue as a going concern. When management is aware of material uncertainties related to events or conditions that may cast doubt on an entity's ability to continue as a going concern, those uncertainties must be disclosed. In assessing the appropriateness of the going concern assumption, the standard requires management to consider all available information about the future, which is at least, but not limited to, twelve months from the balance sheet date. The standard was adopted by the Company effective January 1, 2008 (See Note 1).

e) Amortization

The Company provides for amortization on its equipment over its estimated useful life using a declining balance method at 20% rate for vehicles. Effective July 1, 2008, the Company has revised estimated life of furniture, computer equipment and software. These assets are now amortized on a straight line basis over their useful life over a period of up to ten years.

f) Property Option Agreements

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as mineral interest or recoverable when the payments are made or received.

g) Asset Retirement Obligations

The Company recognizes a legal liability for obligations relating to retirement of property, plant, and equipment, arising from the acquisition, construction, development, or normal operation of those assets. Such asset retirement cost must be recognized at fair value when a reasonable estimate of fair value can be estimated, in the period in which it is incurred, added to the carrying value of the asset, and amortized into income on a systematic basis over its useful life. The carrying amount of the liability is accreted by a charge to operations to reflect the passage of time and the liability is adjusted to reflect any changes in the timing of the underlying future cash flows. The Company currently has no property, plant and equipment subject to asset retirement obligations.

h) Income Taxes

Income taxes are accounted for using the asset and liability method. Future taxes are recognized for the tax consequences of "temporary differences" by applying enacted or substantively enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and tax basis of existing assets and liabilities. The effect on future taxes for a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment. In addition, the method requires the recognition of future tax benefits to the extent that realization of such benefits is more likely than not. A valuation allowance is

3. Significant Accounting Policies (continued)

h) Income Taxes (continued)

provided to the extent that it is more likely than not, that future income tax assets will not be realized.

i) Loss per Share

Basic loss per share is computed by dividing loss available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is not applicable because the Company has a loss for the year.

j) Share Capital

- (i) The proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company.
- (ii) Share capital issued for non-monetary consideration is recorded at an amount based on fair market value.
- (iii) The proceeds from the issue of units is allocated between common shares and common share purchase warrants on a pro-rata basis on relative fair values as follows: the fair value of common shares is based on the market close on the date the units are issued; and the fair value of the common share purchase warrants is determined using the Black-Scholes pricing model.
- (iv) All costs related to issuances of share capital are charged against the proceeds received from the related share capital.

k) Flow-through shares

The Company accounts for flow through shares using recommendations of the Emerging Issues Committee EIC 146. Canadian Income Tax Legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. When resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, future income tax liabilities are recognized (renounced expenditures multiplied by the effective tax rate) thereby reducing share capital.

If a company has sufficient unused tax losses and deductions (“losses”) to offset all or part of the future income tax liabilities and no future income tax assets have been previously recognized on such losses, a portion of such unrecognized losses (losses multiplied by the effective corporate tax rate) is recorded as income up to the amount of the future income tax liability that was previously recognized on the renounced expenditures.

3. Significant Accounting Policies (continued)

l) Translation of Foreign Currencies

The Company's subsidiaries are integrated foreign operations and their results and financial position are translated into the Company's functional currency, the Canadian dollar, using the temporal method as follows:

- Monetary assets and liabilities at period-end rates;
- All other assets and liabilities at historical rates; and
- Revenue and expense items at the average rate of exchange prevailing during the period.

Translation gains and losses arising from these transactions are reflected in income or expense in the year that they occur.

m) Stock Based Compensation

The fair value of all stock-based awards made to employees and non-employees are measured and recognized using the Black-Scholes Option Pricing Model. For employees, the fair value of the options is measured at the date of the grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is complete or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. For employees and non-employees, the fair value of the options is accrued and charged to operations or capitalized as mineral interest cost on a straight-line basis over the vesting period, with the offsetting credit to contributed surplus. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

n) Comprehensive Income

Comprehensive income includes net income or loss and other comprehensive income. Other comprehensive income may include holding gains and losses on available-for-sale securities, gains and losses on certain derivative instruments and foreign gains and losses from self sustaining foreign operations. During the current period, the Company did not have any other comprehensive income components.

o) 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.

p) Recent accounting pronouncements

International Financial Reporting Standards ("IFRS") - In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial

3. Significant Accounting Policies (continued)

p) **Recent accounting pronouncements (continued)**

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.

Goodwill and Intangible Assets - In February 2008, the CICA issued Handbook Section 3064 – *Goodwill and Intangible Assets* which replaced Handbook Section 3062 – *Goodwill and Other Intangible Assets*. This revision aligned Canadian GAAP with IFRS and established standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The Company does not expect the adoption of this standard to have any impact on the Company’s financial statements.

Business Combinations; Consolidated Financial Statements and Non-Controlling Interests - In January 2008, the CICA issued Handbook Sections 1582 – *Business Combinations*; 1601 – *Consolidated Financial Statements*; and 1602 – *Non-Controlling Interests*. These sections replace the former CICA Handbook Section 1581 – *Business Combinations* and CICA 1600 – *Consolidated Financial Statements* and establish a new section for accounting for a non-controlling interest in a subsidiary. These sections also provide the Canadian equivalent to IFRS 3 – *Business Combinations* and IAS 27 – *Consolidated and Separate Financial Statements*.

CICA 1582 is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. CICA 1601 and CICA 1692 apply to interim and annual consolidated financial statements relating to years beginning on or after January 1, 2011. Management has not yet evaluated the impact of these standards on the Company’s financial statements.

4. Financial Instruments

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, 2009, 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, 2009		December 31, 2008	
Held for trading (1)	\$	272,161	\$	49,948
Available for sale (2)	\$	36,640	\$	436,981
Loans and receivables (3)	\$	15,649	\$	157,700
Other financial liabilities (4)	\$	448,245	\$	246,631

(1) Includes cash and cash equivalents and cash held in trust

(2) Includes short term investments, Mastercard security deposit, reclamation bond

(3) Includes accounts receivable

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

4. Financial Instruments (continued)

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, short term investments and accounts receivable. The credit risk is minimized by placing cash and cash equivalents and investing short term investments with major Canadian financial institutions.
- (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, 2009, there were \$4,618 of liabilities (December 31, 2008 - \$173,574) denominated in US dollars (December 31, 2008 - \$2,177). 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 accounts \$31,360 (December 31, 2008 \$6,007). A 10% change in exchange rate between USD and the Canadian dollar results in \$3,598 increase/decrease in the Company's cost to settle these liabilities and reported foreign exchange gains or losses.
- (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 ensures that sufficient funds are raised from private placements to meet its operating requirements, after taking into 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.

5. Short Term Investments, Reclamation Bond and Term Deposit

Short Term Investments

As of June 30, 2009, the Company has no short term investments.

As of December 31, 2008, the Company's investments consisted of a \$400,000 term deposits bearing interest at 3.0% per annum and maturing on August 28, 2009. Interest accrued as at December 31, 2008 amounts to \$4,047 and was included in accounts receivable.

Reclamation Bond

The Company has placed US\$3,500 in a term deposit which is held as a guarantee for the environmental clean up of the Ganarin property in Ecuador.

Term Deposit

The Company has placed \$32,000 in a term deposit which is held as a guarantee for the Company's Mastercard. The term deposit is bearing interest at 0.3%. Included in this account is \$594 of accrued interest.

Nortec Ventures Corp.
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6. Equipment

Details are as follows:

	Cost		Accumulated Depreciation		June 30, 2009 Net Book Value
Vehicle	\$	14,576	\$	(6,073)	\$ 8,503
Computer equipment		92,717		(19,593)	73,124
Furniture		23,218		(4,201)	19,017
	\$	130,511	\$	(29,867)	\$ 100,644

	Cost		Accumulated Depreciation		December 31, 2008 Net Book Value
Vehicle	\$	14,575	\$	(6,073)	\$ 8,502
Computer equipment		87,437		(9,593)	77,844
Furniture		23,218		(2,163)	21,055
	\$	125,230	\$	(17,829)	\$ 107,401

7. Mineral Interests

The Company's mineral interest expenditures for the six month period ending June 30, 2009 were \$719,015 (June 30, 2008 \$955,585)

	TL Property Labrador		Ganarin Property Ecuador		Kaukua Property Finland		Total
Acquisition costs	\$	220,723	\$	91,394	\$	150,119	\$ 462,236
Exploration costs		2,511,338		1,271,419		2,953,084	6,735,841
Total	\$	2,732,061	\$	1,362,813	\$	3,103,203	\$ 7,198,077

The Company's capitalized property costs as at December 31, 2008 are as follows:

	TL Property Labrador		Ganarin Property Ecuador		Kaukua Property Finland		Total
Acquisition costs	\$	150,723	\$	91,394	\$	150,118	\$ 392,235
Exploration costs		2,507,672		1,247,407		2,287,846	6,042,925
Total	\$	2,658,395	\$	1,338,801	\$	2,437,964	\$ 6,435,160

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:

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7. Mineral Interests (continued)

a) **TL Property, Labrador** (continued)

	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

As of March 17, 2009 the Company has earned a 51% interest in the TL Property by completing its obligations. Dependent on the level of participation by the optionor 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.

On May 11, 2009 the optionor elected not to participate at the 49% working interest level. On June 25, 2009 the Company issued a further 200,000 common shares of the Company to have the option to acquire further interest in the Property. The Company now has the option to incur additional expenditures in the amount of \$3,000,000 within two years to earn a further 14% working interest in the property for an aggregate 65% interest. At the expiry of this two year period the Company will have the option to earn a further 10% by incurring additional expenditures of \$2,000,000 within one year for an aggregate 75% interest.

If the optionor elects not to participate at the 25% working interest level, the Company has the option to earn a further 15% by issuing a further 200,000 shares and incurring an additional \$5,000,000 expenditures within three year period for an aggregate 90% interest.

Upon the Company earning the 90% interest the optionors remaining 10% interest will convert to a 2.5% net smelter return and the Company will become the beneficial owner of a 100% interest in the TL Property.

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

7. Mineral Interests (continued)

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.

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, 2010 ***	-	200,000	250,000
On or before May 4, 2010 ***	-	250,000	500,000
On or before May 4, 2010 ***	-	250,000	500,000
Total	\$ 25,000	1,000,000	\$ 1,500,000

* ** Paid Issued

*** The Company and the optionor have agreed to extend the due date for the issuance of shares from 2007 to 2010. The optionor is currently undergoing restructuring prior to going public. This has delayed further extensions to share issuances 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) 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. In the event Nortec completes the Initial Exploration Expenditures before the second anniversary date of the option agreement, the second Annual Payment set forth under the table will not be payable.

The Company has the right to earn an additional 10% interest in the Kaukua project by incurring additional €2,500,000 of exploration expenditures on the property or completing a bankable feasibility study, whichever occurs first.

The option agreement was signed by the Company having received confirmation that exploration licenses for the property have been obtained. The Company released payment of €30,000 (\$43,000), which was previously held in trust and in addition the second option payment of €60,000 (\$101,000) was made. On August 31, 2008, the Company earned its 70% interest in the Kaukua property.

In accordance with the option agreement the option payment due on or before the 2nd anniversary date of the option agreement in the amount of €100,000 Euros is not payable as the Company has completed the initial exploration expenditures of €600,000 Euros.

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7. Mineral Interests (continued)

c) **Kaukua Property, Finland** (continued)

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

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8. Shareholder's Equity

As at June 30, 2009 the Company's shareholder's equity consists of the following;

Authorized: Unlimited common shares without par value	Number of Shares	Share Capital	Contributed Surplus Options	Contributed Surplus Warrants
Balance – December 31, 2007	60,781,334	\$ 7,345,167	\$ 723,216	\$ 268,554
Future income tax on flow through shares renounced (Note 11a)	-	(288,300)	-	-
Warrant extension fair value (Note 8b)	-	(306,901)	-	306,901
Private placement, net	11,000,000	2,970,000	-	-
Private placement warrants fair value	-	(542,518)	-	542,518
Private placement agent commission shares	79,500	-	-	-
Private placement commission options fair value	-	(54,483)	54,483	-
Private placement commission options, warrant portion fair value	-	-	(12,176)	12,176
Shares issued for mineral properties	200,000	62,000	-	-
Stock based compensation expense	-	-	435,186	-
Share issuance costs	-	(145,085)	-	-
Balance – December 31, 2008	72,060,834	\$ 9,039,880	\$ 1,200,709	\$ 1,130,149
Private placement	15,000,000	1,500,000		
Private placement warrants fair value		(302,600)		302,600
Share issuance costs	201,600	(9,102)		
Options exercised	75,000	7,500		
Options fair value transferred to share capital		8,955	(8,955)	
Warrants exercised	2,500,000	375,000		
Stock based compensation expense			218,152	
Shares issued for mineral properties	400,000	40,000		
Share issuance costs refund		5,000		
Balance – June 30, 2009	90,237,434	10,664,633	1,409,906	1,432,749

a) **Shares Issuances**

On April 16, 2009 the Company closed a non brokered private placement of 5,000,000 units at a price of \$0.10 per unit for gross proceeds of \$500,000. Each unit consisted of one common share of the Company and one-half common share purchase warrant. Each whole warrant can be exercised to acquire one additional share at an exercise price of \$0.15. These warrants were exercised on April 22, 2009.

On May 4, 2009 the Company closed a non brokered private placement of 10,000,000 units at a price of \$0.10 per unit for gross proceeds of \$1,000,000. Each unit consisted of one common share of the Company and one-half common share purchase warrant. Each whole warrant can be exercised to acquire one additional share at an exercise price of \$0.15. These warrants expire November 4, 2010.

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8. Shareholder's Equity (continued)

a) **Shares Issuances (continued)**

On March 17, 2009 the Company issued 200,000 shares as part of its acquisition costs for the TL Property. These shares were valued at \$0.09 per share using the closing price of the Company's shares on the date of issue. On June 25, 2009 the Company issued a further 200,000 shares as part of its acquisition costs for the TL Property. These shares were valued at \$0.11 per share using the closing price of the Company's shares on the date of issue.

b) **Share Purchase Warrants**

As at June 30, 2009 the following share purchase warrants were outstanding:

December 31, 2008	Issued	Exercised	Expired	June 30, 2009	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 *
3,539,750	-	-	-	3,539,750	\$0.45	February 14, 2010
2,000,000	-	-	-	2,000,000	\$0.45	February 14, 2010
-	2,500,000	2,500,000	-	-	\$0.15	April 22, 2009
-	5,100,800	-	-	5,100,800	\$0.15	November 4, 2010
9,259,750	7,600,800	2,500,000	-	14,360,550	\$0.35	June 7, 2009 – November 4, 2010

The \$302,600 fair value of the 2,500,000 and 5,100,800 warrants issued in April and May 2009 was charged to contributed surplus with the offsetting amount reducing share capital. The Black-Scholes pricing model was used to calculate this fair value using the following assumptions:

Risk free interest rate	1.65%
Expected life of warrants	1.5 years
Annualized volatility	140.80%
Dividend rate	0.0%

As at December 31, 2008 the following share purchase warrants were outstanding:

December 31, 2007	Issued	Exercised	Expired	December 31, 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 *
-	3,539,750	-	-	3,539,750	\$0.45	February 14, 2010
-	2,000,000	-	-	2,000,000	\$0.45	February 14, 2010
3,936,000	5,539,750	-	216,000	9,259,750	\$0.45	June 7, 2009 – February 14, 2010

* 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. See note below for further affects of this expiry date extension.

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8. Shareholder's Equity (continued)

c) Stock options

In August 2004 the Company adopted a stock option plan (amended June 25, 2008) 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 authority over the granting of options.

As of June 30, 2009 the Company had 11,819,163 incentive stock options outstanding as follows:

December 31, 2008	Granted in the period	Exercised in the period	Cancelled in the period	June 30, 2009	Price	Expiry Date
670,000	-	75,000	-	595,000	\$ 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
100,000	-	-	-	100,000	\$ 0.28	December 20, 2009
300,000	-	-	-	300,000	\$ 0.28	October 16, 2011
50,000	-	-	-	50,000	\$ 0.30	December 20, 2009
75,000	-	-	-	75,000	\$ 0.30	November 14, 2009
600,000	-	-	-	600,000	\$ 0.30	November 14, 2011
700,000	-	-	-	700,000	\$ 0.30	October 15, 2012
250,000	-	-	-	250,000	\$ 0.30	March 16, 2010
1,000,000	-	-	-	1,000,000	\$ 0.25	April 1, 2012
100,000	-	-	-	100,000	\$ 0.25	December 20, 2009
409,163	-	-	-	409,163	\$ 0.30	February 14, 2010
300,000	-	-	-	300,000	\$ 0.30	September 4, 2012
2,400,000	-	-	-	2,400,000	\$ 0.11	November 3, 2013
150,000	-	-	-	150,000	\$ 0.11	December 20, 2009
100,000	-	-	-	100,000	\$ 0.11	March 16, 2010
	1,200,000	-	-	1,200,000	\$ 0.11	January 19, 2014
10,694,163	1,200,000	-	-	11,819,163	\$ \$0.19	

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8. Shareholder's Equity (continued)

c) **Stock options** (continued)

On January 19, 2009, the Company granted 1,200,000 stock options to an officer and consultant. These options are exercisable at \$0.11 on or before January 19, 2014

During the previous year, the expiry dates have been changed for the following options due to termination of engagement or employment:

Options	Issued	Original Expiry Date	Revised Expiry Date
100,000	November 10, 2006	November 10, 2011	December 20, 2009
50,000	October 15, 2007	October 15, 2009	December 20, 2009
100,000	April 1, 2008	April 1, 2012	December 20, 2009
150,000	November 3, 2008	November 3, 2013	December 20, 2009

During the current period, the expiry dates have been changed for the following options due to termination of a consulting agreement:

Options	Issued	Original Expiry Date	Revised Expiry Date
250,000	October 15, 2007	October 15, 2012	March 16, 2010
100,000	November 3, 2008	November 3, 2013	March 16, 2010

As of December 31, 2008 the Company had 10,694,163 incentive stock options outstanding as follows:

December 31, 2007	Granted in the period	Exercised in the period	Cancelled in the period	December 31, 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
100,000	-	-	-	100,000	\$ 0.28	December 20, 2009
300,000	-	-	-	300,000	\$ 0.28	October 16, 2011
50,000	-	-	-	50,000	\$ 0.30	December 20, 2009
75,000	-	-	-	75,000	\$ 0.30	November 14, 2009
600,000	-	-	-	600,000	\$ 0.30	November 14, 2011
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	December 20, 2009
-	409,163	-	-	409,163	\$ 0.30	February 14, 2010
-	300,000	-	-	300,000	\$ 0.30	September 4, 2012
-	2,500,000	-	-	2,500,000	\$ 0.11	November 3, 2013
-	150,000	-	-	150,000	\$ 0.11	December 20, 2009
6,235,000	4,459,163	-	-	10,694,163	\$ 0.20	

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8. Shareholder's Equity (continued)

c) **Stock options** (continued)

As at June 30, 2009 – 9,294,163 options were fully vested.

The following assumptions were used for the Black-Scholes valuation of stock options granted in the period:

	2009
Risk-free interest rate	1.25%
Expected life of options	5 years
Annualized volatility	120%
Dividend Rate	0.00%

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted in the prior year:

	2008
Risk-free interest rate	2.84%
Expected life of options	4.51 years
Annualized volatility	133%
Dividend Rate	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.

9. Related Party Transactions

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

	Received/Paid/Accrued to:	June 30, 2009	June 30, 2008
Management consulting and management fees	Directors and officers	\$ 107,117	\$ 71,300
Due to related parties	Officers	\$ 358,113	\$ -
Office rent	Company with directors in common	\$ -	\$ 10,800
Office services	Company with directors in common	\$ -	\$ 33,550

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.

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10. Segmented Information

Geographic information for the six month period ended June 30, as follows:

	Canada	Ecuador	Finland	Total
Period ended June 30, 2009				
Net loss for the period	\$ 913,890	\$ 53,050	\$ -	\$ 966,940
Mineral interests	\$ 2,732,061	\$ 1,362,813	\$ 3,103,202	\$ 7,198,076
Other assets	\$ 1,432,457	\$ 19,353	\$ -	\$ 1,451,810
Total assets	\$ 4,164,518	\$ 1,382,166	\$ 3,103,202	\$ 8,649,886
Period ended June 30, 2008				
Net 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

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:

	December 31, 2008	December 31, 2007
Loss before income taxes	\$ (2,807,022)	\$ (725,692)
Statutory tax rate	31.00%	34.12%
Provision for recovery of taxes at statutory rates	(870,177)	(247,606)
Tax benefit not recognized on current year losses	257,691	162,333
Non-deductible and other items for tax purposes	609,983	84,802
Differences in foreign tax rates	2,503	471
Future income tax assets recognized to eliminate future income tax liability on renunciation of flow through shares	(288,300)	-
Future income tax recovery	\$ (288,300)	\$ -

During the year ended December 31, 2007, the Company raised a total of \$930,000 through the issuance of flow-through securities. During the current year all 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. The future income tax liability of \$288,300 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 the current period, the Company has recognized \$288,300 as a future income tax recovery.

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11. Income Taxes (continued)

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

	December 31, 2008	December 31, 2007
Future income tax assets (liabilities)		
Non-capital loss carry forwards	\$ 487,635	\$ 337,614
Mineral interests – Canada, Finland and other	78,088	105,777
Mineral interests – Ecuador	21,962	(17,706)
Share issue costs	48,991	29,919
Other	23,375	20,780
Future income tax assets (liabilities)	660,051	476,384
Valuation allowance	(660,051)	(493,575)
Net future income tax assets (liabilities)	\$ -	\$ (17,191)

The Company has income tax loss carry forwards of approximately \$1,836,000 in Canada, which may be used to reduce future income taxes otherwise payable and expiring through 2028.

12. Investment Allowance

On April 1, 2009, the Company entered into an agreement (the “Agreement”) to acquire Ascendant Copper (Barbados) Corporation (“Ascendant”), a wholly owned subsidiary of Copper Mesa Mining Corporation (“Copper Mesa”) which, through its Ecuadorian entities, holds title to various mineral resource properties in Ecuador including the Chaucha copper-molybdenum porphyry property and the option to acquire a 100% interest in the Telimbela copper-molybdenum property.

Under the terms of the Agreement, the Company will pay to Copper Mesa US\$5,500,000 (the “Purchase Price”). The purchase price shall be paid by the Company as follows:

- a) the sum of US\$300,000 in cash on or before the date that is five business days following the date of acceptance for filing of the Acquisition by the TSX Venture Exchange (paid);
- b) the sum of US\$300,000 in cash on or before April 30, 2009 (paid);
- c) the sum of US \$1,100,000 in cash on or before May 31, 2009;
- d) the sum of US\$900,000 in cash on or before June 20, 2009;
- e) the sum of US\$1,000,000 in cash on or before August 31, 2009;
- f) the sum of US\$1,000,000 in cash on or before October 31, 2009; and
- g) the sum of US\$900,000 in cash on or before January 31, 2010.

Alternatively, the Company may satisfy payment of the purchase price by paying to Copper Mesa the aggregate amount of US\$5,000,000 no later than June 30, 2009. The Company has also agreed to reimburse Copper Mesa US\$75,000 for various property and tax payments made in Ecuador. The closing date of the Agreement will be on May 31, 2009 subject to completion of due diligence and approval of the TSX Venture Exchange. The Company received conditional approval from the TSX-V Exchange on April 16, 2009.

Prior to April 30, 2009, the Company has paid to Copper Mesa an aggregate sum of US\$600,000 as stipulated by the Agreement. On June 4, 2009, the Company announced the extension of the closing of the Company’s acquisition of the subsidiary of Copper Mesa (the “Subsidiary”) until June 30, 2009 to complete the due diligence. Under the terms of the Extended Agreement, the Company will pay a sum of US\$90,000 immediately and another US\$70,000 on June 16, 2009. The US\$1,100,000 payment previously due May 31, 2009 will be postponed to June 30, 2009, and the US\$900,000

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12. Investment Allowance – continued

payment previously due on June 30, 2009 will be postponed to July 31, 2009. The Company has the right to satisfy the total payment of the purchase price if it pays to Copper Mesa the total aggregate sum of US\$5,000,000 less applicable payments made; on or before July 31, 2009, which has been extended from June 30, 2009.

Pursuant to the terms of the Extended Agreement, the Company paid US\$90,000 to Copper Mesa on June 4, 2009 but withheld the payment of US\$70,000 due June 16, 2009. Payment was withheld until due diligence was completed to confirm the status of title to certain mineral concessions in Ecuador held by Ascendant. On June 23, 2009, the Company was notified by Copper Mesa that it has decided not to extend the exclusivity for the Agreement. Nortec's due diligence review confirmed that Ascendant's primary asset, the Janeth 1 Concession, known as the Chaucha Property, has been identified by the Ecuadorian Government for reversion to the State. The Company had not received a definitive pronouncement from the Ecuadoran State that the Chaucha Property would not be reverted to the State. Due to the uncertainties, the Company has made an investment allowance of CAD\$916,803 (USD \$765,000).
