CuOro Resources Corp.

(formerly Blue Cove Capital Corp.)

CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
MAY 31, 2011

(Unaudited - Prepared by Management)

MANAGEMENT'S COMMENTS ON UNAUDITED FINANCIAL STATEMENTS

The accompanying unaudited consolidated interim financial statements of CuOro Resources Corp. *(formerly Blue Cove Capital Corp.)* for the six months ended May 31, 2011 have been prepared by and are the responsibility of the Company's management. These statements have not been reviewed by the Company's external auditors.

CUORO RESOURCES CORP.

(formerly Blue Cove Capital Corp.)

CONSOLIDATED INTERIM BALANCE SHEETS

(Unaudited - Prepared by Management)

	May 31, 2011 $	November 30 2010 $
A S S E T S		
CURRENT ASSETS		
Cash	15,562,025	801,923
Short-term investment (Note 4)	7,209,500	-
Amounts receivable	128,759	29,769
Prepaids	39,942	3,019
	22,940,226	834,711
EQUIPMENT	9,513	-
MINERAL RESOURCE INTERESTS (Note 5)	685,393	-
	23,635,132	834,711
L I A B I L I T I E S		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	449,661	270,483
S H A R E H O L D E R S' E Q U I T Y (D E F I C I T)		
SHARE CAPITAL (Note 6)	11,901,223	971,271
SPECIAL WARRANTS (Note 7)	12,311,400	-
CONTRIBUTED SURPLUS (Note 9)	2,009,090	574,429
DEFICIT	(3,036,242)	(981,472)
	23,185,471	564,228
	23,635,132	834,711

NATURE OF OPERATIONS AND NAME CHANGE (Note 1)

SUBSEQUENT EVENTS (Notes 7 and 15)

APPROVED BY THE DIRECTORS

"Robert Sedgemore", Director

"Nick DeMare", Director

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

CUORO RESOURCES CORP.
(formerly Blue Cove Capital Corp.)

CONSOLIDATED INTERIM STATEMENTS OF LOSS, COMPREHENSIVE LOSS AND DEFICIT

(Unaudited - Prepared by Management)

	Three Months Ended May 31,		Six Months Ended May 31,	
	2011	2010	2011	2010
	$	$	$	$
EXPENSES				
Accounting and administration	24,800	-	32,800	-
Amortization	154	-	154	-
Audit fees	-	-	12,750	-
Due diligence	73,844	-	136,766	-
General and administrative expenses	38,042	991	43,323	7,771
Investment conferences	72,942	-	72,942	-
Investor relations	8,000	-	8,000	-
IVA tax	2,474	-	2,474	-
Legal fees	91,945	-	202,820	-
Listing fees	31,186	5,000	35,653	5,000
Professional fees	35,855	2,575	35,855	15,100
Qualifying transaction expense (Note 1)	-	20,285	-	93,379
Relocation costs	46,024	-	46,024	-
Rent	24,984	-	24,984	-
Salary and compensation	156,119	-	156,119	-
Shareholder communications	73,594	-	74,015	-
Stock-based compensation (Note 8)	981,380	-	981,380	3,752
Transfer agent	7,144	593	7,144	593
Travel	103,991	-	169,717	-
Website and internet costs	7,942	-	13,431	-
	1,780,420	29,444	2,056,351	125,595
LOSS BEFORE OTHER ITEMS	(1,780,420)	(29,444)	(2,056,351)	(125,595)
OTHER ITEMS				
Interest income	9,500	-	9,500	-
Foreign exchange loss	(7,919)	-	(7,919)	-
	1,581	-	1,581	-
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	(1,778,839)	(29,444)	(2,054,770)	(125,595)
DEFICIT - BEGINNING OF PERIOD	(1,257,403)	(402,765)	(981,472)	(306,614)
DEFICIT - END OF PERIOD	(3,036,242)	(432,209)	(3,036,242)	(432,209)
LOSS PER COMMON SHARE - BASIC AND DILUTED	(0.10)	(0.01)	(0.14)	(0.03)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED	16,790,216	4,200,000	14,324,089	4,200,000

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

CuOro Resources Corp.

(formerly Blue Cove Capital Corp.)

CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(Unaudited - Prepared by Management)

	Three Months Ended May 31, 2011 $	Three Months Ended May 31, 2010 $	Six Months Ended May 31, 2011 $	Six Months Ended May 31, 2010 $
CASH PROVIDED FROM (USED FOR)				
OPERATING ACTIVITIES				
Loss for the period	(1,778,839)	(29,444)	(2,054,770)	(125,595)
Adjustments for items not involving cash				
Interest receivable	(9,500)	-	(9,500)	-
Stock-based compensation	981,380	-	981,380	3,752
Amortization of equipment	154	-	154	-
Increase in amounts receivable	(31,658)	-	(98,990)	-
Increase in prepaids	(37,340)	-	(36,923)	-
Increase (decrease) in accounts payable and accrued liabilities	297,338	21,258	179,178	93,942
	(578,465)	(8,186)	(1,039,471)	(27,901)
INVESTING ACTIVITIES				
Short-term investment	(7,200,000)	-	(7,200,000)	-
Equipment purchased	(9,667)	-	(9,667)	-
Mineral resource interests	(544,128)	-	(601,643)	-
	(7,753,795)	-	(7,811,310)	-
FINANCING ACTIVITIES				
Issuance of common shares	11,646,465	-	11,646,465	-
Share issue costs	(346,982)	-	(346,982)	-
Issuance of special warrants	13,380,000	-	13,380,000	-
Special warrant issue costs	(1,068,600)	-	(1,068,600)	-
	23,610,883	-	23,610,883	-
INCREASE (DECREASE) IN CASH	15,278,623	(8,186)	14,760,102	(27,901)
CASH - BEGINNING OF PERIOD	283,402	37,984	801,923	57,699
CASH - END OF PERIOD	15,562,025	29,798	15,562,025	29,798

SUPPLEMENTAL CASH FLOW INFORMATION - See Note 14.

1. NATURE OF OPERATIONS AND NAME CHANGE

CuOro Resources Corp. (the "Company") was incorporated as a private company called Blue Cove Capital Corp. by Certificate of Incorporation issued pursuant to the provisions of the B.C. Business Company Act on October 23, 2007. The Company became a publicly listed company pursuant to an initial public offering of its shares on March 31, 2008 and was listed on the TSX Venture Exchange ("TSXV") on April 1, 2008 as a Capital Pool Company ("CPC").

In October 2009 the Company entered into a mineral property purchase agreement (the "Purchase Agreement") to acquire an interest in certain mineral exploration properties located in the Battle Mountain and Cortez Trends of North Central Nevada. Closing of the Purchase Agreement was to occur on or before February 19, 2010. The Company was unable to obtain the necessary financing to complete the transaction by February 19, 2010 and, in March 2010, the vendor terminated the Purchase Agreement. All costs relating to the transaction were recorded as qualifying transaction expenses.

On April 7, 2010 trading of the Company's common shares on the TSXV were suspended for failure to complete a Qualifying Transaction within the prescribed time. Effective July 6, 2010 the Company's common shares resumed trading on the NEX Board of the TSXV.

In December 2010 the Company entered into agreements to acquire 100% interests in mineral projects located in Colombia, as described in Note 5. The transactions contemplated in the option agreement on the Santa Elena Project (Note 5(a)) and the $10 million of equity financings (Note 6(a)) constituted the Company's Qualifying Transaction. On April 18, 2011 the Company effected its name change from "Blue Cove Capital Corp." to "CuOro Resources Corp.". On April 20, 2011 the Company closed on its Qualifying Transaction. Effective April 25, 2011 the Company's listing was transferred from the NEX Board to Tier 2 of the TSXV.

The Company is a junior resource company engaged in the acquisition and exploration of unproven mineral interests and is considered a development stage company as defined by Accounting Guideline No. 11 of the Canadian Institute of Chartered Accountants ("CICA") Handbook. As at May 31, 2011 the Company has not earned any production revenue, nor found proved reserves on any of its mineral interests.

The Company is in the process of exploring and evaluating its mineral resource interests. On the basis of information to date, it has not yet determined whether these mineral interests contain economically recoverable ore reserves. The underlying value of the mineral resource interests and related deferred costs is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production. The amounts shown as incurred resource interests represent net costs to date and do not necessarily represent present or future values.

As a May 31, 2011 the Company had working capital of $22,490,565. Based on its current levels of operations management considers that the Company has adequate resources to maintain its existing mineral resource interests, core operations and planned exploration programs for the next twelve months. However, the Company recognizes that exploration expenditures may change with ongoing results and, as a result, it may be required to obtain additional financing. While the Company has been successful in securing financings in the past, there can be no assurance that it will be able to do so in the future.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated interim financial statements of the Company have been prepared by management in accordance with Canadian GAAP. The preparation of the consolidated interim financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the amounts reported in the interim financial statements and accompanying notes. Actual results could differ from those estimates. The interim financial statements have, in management's opinion, been properly prepared using careful judgement with reasonable limits of materiality. These consolidated interim financial statements should be read in conjunction with the most recent annual financial statements. The significant accounting policies follow that of the most recently reported annual financial statements.

Adoption of Accounting Policies

With the completion of the option agreement on the Santa Elena Project the Company is now a junior resource company. The following accounting policies have been adopted or are applicable in addition to the Company's most recent financial statements.

Basis of Presentation

These consolidated interim financial statements of the Company have been prepared by management in accordance with Canadian GAAP and include the accounts of the Company and its wholly-owned Colombian subsidiary, Minera CuOro S.A.S. which was incorporated on March 15, 2011 to conduct the Company's operation in Colombia. Inter-company balances and transactions are eliminated on consolidation.

Use of Estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Examples of significant estimates made by management include amortization, the provision for income taxes, composition of future income tax assets, future income tax liabilities and asset retirement obligations and valuations of mineral resource interests, equipment and stock-based compensation. Actual results may differ from those estimates.

Cash Equivalents

Cash equivalents include short-term deposits maturing within 90 days of the original date of acquisition. As at May 31, 2011 the Company did not hold any cash equivalents.

Mineral Resource Interests

Unproven mineral interests costs and exploration, development and field support costs directly relating to mineral interests are deferred until the mineral interest to which they relate is placed into production, sold or abandoned. The deferred costs will be amortized over the life of the orebody following commencement of production or written off if the mineral interest is sold or abandoned. Administration costs and other exploration costs that do not relate to any specific mineral interest are expensed as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

On a periodic basis, management reviews the carrying values of deferred unproven mineral interest acquisition and exploration expenditures with a view to assessing whether there has been any impairment in value. Management takes into consideration various information including, but not limited to, results of exploration activities conducted to date, estimated future metal prices, and reports and opinions of outside geologists, mine engineers and consultants. When it is determined that a project or mineral interest will be abandoned or its carrying value has been impaired, a provision is made for any expected loss on the project or mineral interest.

Although the Company has taken steps to verify title to the unproven mineral interests, according to the usual industry standards for the stage of exploration of such mineral interests, these procedures do not guarantee the Company's title. Such mineral interests may be subject to prior agreements or transfers and title may be affected by undetected defects.

From time to time the Company acquires or disposes of mineral interests pursuant to the terms of option agreements. Options are exercisable entirely at the discretion of the optionee and, accordingly, are recorded as mineral interest costs or recoveries when the payments are made or received.

Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is recorded on a straight-line basis over the estimated useful life at an annual rate of 20% commencing when the equipment is available for use.

Asset Retirement Obligations

The fair value of a liability for an asset retirement obligation is recognized when a reasonable estimate of fair value can be made. The asset retirement obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequently, the asset retirement cost is charged to earnings using a systematic and rational method and is adjusted to reflect period-to-period changes in the liability resulting from the passage of time and revisions to either the timing or the amount of the original estimate of undiscounted cash flow. The Company has determined that it does not have any material asset retirement obligations at May 31, 2011.

Impairment of Long-Lived Assets

Long-lived assets are assessed for impairment when events and circumstances warrant. The carrying value of a long-lived asset is impaired when the carrying amount exceeds the estimated undiscounted net cash flow from use and fair value. In that event the amount by which the carrying value of an impaired long-lived asset exceeds its fair value is charged to earnings. Fair value is generally determined using a discounted cash flow analysis.

Translation of Foreign Currencies

The Company's foreign operations conducted through its subsidiary are of an integrated nature and, accordingly, the temporal method of foreign currency translation is used for conversion of foreign denominated amounts. Under this method the Company translates monetary items at the rate of exchange in effect at the balance sheet date. Non-monetary items are translated at rates in effect during the period in which they were earned or incurred. Revenues and expenses are translated at average rates in effect during the period except for depreciation and amortization which are translated at historical rates. Gains and losses resulting from the fluctuation of foreign exchange rates have been included in the determination of income.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Future Accounting Policies

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

The CICA issued three new accounting standards in January 2009: Section 1582, *Business Combinations,* Section 1601, *Consolidated Financial Statements,* and Section 1602, *Non-Controlling Interests*. These new standards will be effective for fiscal years beginning on or after January 1, 2011.

Section 1582 replaces Section 1581, *Business Combinations,* and establishes standards for the accounting for a business combination. The section applies prospectively to 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. Sections 1601 and 1602 together replace Section 1600, *Consolidated Financial Statements*. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1601 applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

The Company does not expect the adoption of these accounting standards to have an impact on its financial statements.

3. SHORT-TERM INVESTMENT

On April 20, 2011 the Company purchased a redeemable guaranteed investment certificate (the "GIC"), maturing on April 18, 2012, at a cost of $7,200,000. The GIC bears interest at prime rate less 1.80% per annum and is redeemable after 30 days from purchase. As at May 31, 2011 there was $9,500 of accrued interest.

4. AMOUNTS RECEIVABLE

	May 31, 2011 $	November 30, 2010 $
Harmonized sales tax receivable	95,492	22,098
Other	33,267	7,671
	128,759	29,769

5. MINERAL RESOURCE INTERESTS

	May 31, 2011		
	Acquisition Costs $	**Deferred Exploration Costs $**	**Total Costs $**
Santa Elena Project (a)	598,274	36,998	635,272
Barranco de Loba Project (b)	49,127	994	50,121
	647,401	37,992	685,393

(a) By agreements dated December 22, 2010 and February 14, 2011 the Company was granted an option (the "Santa Elena Option") to acquire a 100% undivided interest in two mining concessions (the "Santa Elena Project") located in the Antioquia District, Colombia. To earn the interest in the Santa Elena Project the Company has paid a total of US $525,000 and is required to pay a further US $2,500,000 and conduct US $3,000,000 exploration expenditures, as follows:

Date	**Cash Payments US $**	**Work Expenditures US $**
April 20, 2012	-	500,000
June 20, 2012	500,000	-
April 20, 2013	-	1,000,000
June 20, 2013	1,000,000	-
April 20, 2014	-	1,500,000
June 20, 2014	1,000,000	-
	2,500,000	3,000,000

The Company will also pay US $1,000,000 if the Santa Elena Project contains a measured resource of at least 300,000 tonnes of copper. The vendor will also retain a net smelter return royalty of between 2.0% - 3.0%.

The Company also issued 83,750 common shares, at an ascribed value of $83,750, to an arm's length party, as a finder's fee in connection with the Santa Elena option.

(b) On December 9, 2010, as amended, the Company has entered into a letter of intent (the "Barranco de Loba LOI") whereby the vendors have agreed to grant an option to the Company to acquire a 100% interest in three mineral concessions (the "Barranco de Loba Project") located in the Department of Sur de Bolivar, Colombia. Under the terms of the LOI and subsequent amendments the Company has paid a total of $49,127 (US $50,000) and will be required to pay a further US $575,000 and issue 1,000,000 common shares of the Company over a six month period.

The Company will also be required to pay US $53,000 for outstanding concession payments upon closing.

5. MINERAL RESOURCE INTERESTS (continued)

The Company will also pay the vendors an additional payment of US $500,000 and issue 500,000 common shares if the Barranco de Loba Project contains a measured resource of greater than 500,000 ounces of gold but less that 1,000,000 ounces of gold. In the event the measured gold resource is 1,000,000 ounces or greater, then the Company will pay US $1,000,000 and issue 1,000,000 common shares for every 1,000,000 ounces of gold, up to a maximum of US $10,000,000 and 10,000,000 common shares.

Closing of the Barranco de Loba LOI is conditional upon completion of due diligence, execution of a definitive agreement and receipt of TSXV approval. As at May 31, 2011 the Company and the vendors are negotiating changes to the terms of the Barranco de Loba LOI.

6. SHARE CAPITAL

Authorized: unlimited common shares without par value

Issued common shares:	Six Months Ended May 31, 2011		Year Ended November 30, 2010	
	Shares	Amount $	Shares	Amount $
Balance, beginning of period	11,803,159	971,271	4,200,000	231,644
For cash				
Short-form offering	2,000,000	2,000,000	-	-
Private placements	8,810,000	9,620,000	8,639,324	831,966
Stock options exercised	50,000	26,000	-	-
Warrants exercised	1,862	465	-	-
For corporate finance fees	125,000	125,000	-	-
For finder's fees incurred on private placements	676,680	537,267	63,835	15,959
For finder's fee incurred on Santa Elena Option (Note 5(a))	83,750	83,750	-	-
Reallocation from contributed surplus on exercise of stock options	-	20,548	-	-
Reallocation from contributed surplus on exercise of finder's warrants	-	229	-	-
Cancellation of common shares	-	-	(1,100,000)	(55,000)
	11,747,292	12,413,259	7,603,159	792,925
Less share issue costs	-	(1,483,307)	-	(53,298)
	11,747,292	10,929,952	7,603,159	739,627
Balance, end of period	23,550,451	11,901,223	11,803,159	971,271

6. SHARE CAPITAL (continued)

(a) On April 20, 2011 the Company completed equity financings totaling $10 million as follows:

(i) a short form offering document (the "Short Form Offering") and a brokered private placement (the "Brokered Private Placement" and, together with the Short Form Offering, the "Brokered Financings"). Pursuant to the Short Form Offering, the Company issued 2,000,000 common shares (the "Shares") at a price of $1.00 per Share, for proceeds of $2,000,000. Pursuant to the Brokered Private Placement, the Company issued 3,500,000 units (the "Units") at a price of $1.00 per Unit for proceeds of $3,500,000. Each Unit consists of one Share and one-half of one common share purchase warrant (one whole common share purchase warrant a "Warrant"), with each Warrant entitling the holder to acquire, for a period of two years, one common share of the Company at a price of $1.30 per share.

The agent received a commission of 7% of the aggregate proceeds from the sale of Shares and Units sold pursuant to the Brokered Financings. The agent elected to receive a portion of the commission under the Brokered Financings in Units (the "Agent's Commission Units"), being 377,500 Agent's Commission Units, at an ascribed value of $377,500, and a portion in cash, being $7,500. The Company also issued to the agent that number of common share purchase warrants (the "Agent's Warrants") equal to 7% of the Shares and Units sold pursuant to the Brokered Financings, being 385,000 Agent's Warrants, with each Agent's Warrant entitling the agent to acquire, for a period of two years, one common share of the Company at a price of $1.00 per share (the "Agent's Warrant Shares"). An additional 125,000 Units (the "Corporate Finance Fee Units") at an ascribed value of $125,000 were issued to the agent. Each Corporate Finance Fee Unit consists of one Share and one-half of one common share purchase warrant (a "Corporate Finance Fee Warrant"), with each Corporate Finance Fee Warrant entitling the holder to acquire, for a period of two years, one common share of the Company at a price of $1.30 per share (a "Corporate Finance Fee Warrant Share"). The fair value of the Agent's Commission Warrants, the Agent's Warrants and the Corporate Finance Fee Warrants has been estimated using the Black-Scholes option pricing model. The assumptions used were: dividend yield - 0%; expected volatility - 90.88%; risk-free interest rate of 1.84%; and expected life of two years. The value assigned to the Agent's Commission Warrants, the Agent's Warrants and the Corporate Finance Fee Warrants was $65,647, $188,311 and $21,737 respectively.

(ii) a non-brokered private placement (the "Non-Brokered Private Placement"). Pursuant to the Non-Brokered Private Placement, the Company issued 4,500,000 Units at a price of $1.00 per Unit, for proceeds of $4,500,000. In connection with the Non-Brokered Private Placement, the Company paid certain finders ("Finders") a commission of 7% of the aggregate proceeds from the sale of Units to purchasers introduced by such Finder. The Finders elected to receive their commission in Units ("Finder's Units") having the same terms as the Units. The Company also issued to the Finders that number of common share purchase warrants (the "Finder's Warrants"), equal to 7% of the Units sold pursuant to the Non-Brokered Private Placement, with each Finder's Warrant entitling the Agent to acquire, for a period of two years, one common share of the Company at a price of $1.00 per share (a "Finder's Warrant Share"). The Company issued a total of 299,180 Finder's Units at an ascribed value of $299,180 and 299,180 Finder's Warrants pursuant to the Non-Brokered Private Placement. The fair value of the Finder's Commission Warrants and the Finder's

6. SHARE CAPITAL (continued)

Warrants has been estimated using the Black-Scholes option pricing model. The assumptions used were: dividend yield - 0%; expected volatility - 90.88%; risk-free interest rate of 1.84%; and expected life of two years. The value assigned to the Finder's Commission Warrants and the Finder's Warrants was $52,028 and $146,335 respectively.

The Company also incurred a total of $226,081 for sponsorship fee, legal costs, filing fees and other costs.

(b) On May 31, 2011 the Company completed a private placement of 810,000 units (the "Private Placement Units") on a non-brokered private placement basis (the "Non-Brokered Private Placement") for gross proceeds of $1,620,000. Each Unit consists of one common share of the Company and one half of one transferable common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant is exercisable into one common share of the Company until May 31, 2013 at an exercise price of $2.50. In connection with this private placement the Company paid an arm's length party a $113,400 cash fee.

(c) A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at May 31, 2011 and 2010 and the changes for the six months ended on those dates is as follows:

	2011		2010	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Balance, beginning of period	63,835	0.25	200,000	0.10
Granted	5,490,020	1.35	-	-
Exercised	(1,862)	0.25	-	-
Expired	-	-	(200,000)	0.10
Balance, end of period	5,551,993	1.33	-	-

Common shares reserved pursuant to warrants outstanding at May 31, 2011, are as follows:

Number	Exercise Price $	Expiry Date
61,973	0.25	November 17, 2012
4,400,840	1.30	April 20, 2013
684,180	1.00	April 20, 2013
405,000	2.50	May 31, 2013
5,551,993		

(d) During fiscal 2010, in conjunction with the change in the Company's listing status and in accordance with stipulated policies and procedures, seed shareholders agreed to the cancellation of 1,100,000 common shares held in escrow. Accordingly, the original $55,000 assigned value attributable to these common shares have been transferred from share capital to contributed surplus. As at May 31, 2011, 1,369,000 common shares remain held in escrow.

6. SHARE CAPITAL (continued)

(e) See also Note 7.

7. SPECIAL WARRANTS

Effective May 31, 2011 (the "Closing") the Company entered into an agency agreement with a syndicate of underwriters co-led by Canaccord Genuity Corp. and Scotia Capital Inc. (the "Underwriters"), under which the Underwriters purchased 6,690,000 special warrants (the "Special Warrants") at a price of $2.00 per Special Warrant (the "Special Warrant Offering") for gross proceeds of $13,380,000. Each Special Warrant entitled the holder to acquire one unit in the Company (a "Unit") on the exercise or deemed exercise of the Special Warrant. The Special Warrants could be exercised by the holder in whole or in part at any time after the closing of the Special Warrant Offering for no additional consideration and all unexercised Special Warrants was deemed to be exercised on that day which is the earlier of: (i) October 1, 2011 or (ii) three business days after the Qualification Date.

The Underwriters received a $936,600 cash fee on the sale of the Special Warrants, representing 7% of the gross proceeds raised. In addition, the Company issued to the Underwriters 468,300 special warrants (the "Underwriters' Special Warrants") exercisable to acquire, for no additional consideration, 468,300 underwriters' warrants of the Company (the "Underwriters' Warrants") with each such Underwriters' Warrant exercisable to acquire one Unit of the Company, at $2.00 per Unit until May 31, 2013. The fair value of the Underwriter's Special Warrants has been estimated using the Black-Scholes option pricing model. The assumptions used were: dividend yield - 0%; expected volatility - 90.88%; risk-free interest rate of 1.84%; and expected life of two years. The value assigned to the Underwriter's Special Warrants was $166,059.

The Company subsequently filed its final short form prospectus (the "Prospectus") dated June 30, 2011 to qualify the distribution of the 6,690,000 Units upon the deemed exercise of the 6,690,000 Special Warrants issued pursuant to the Offering. On July 6, 2011 (the "Qualification Date") the Company received a receipt for its Prospectus from the securities commissions of British Columbia, Alberta and Ontario and the Special Warrants were deemed to be exercised. Each Unit consisted of one common share in the capital of the Company and one-half of one transferrable common share purchase warrant. Each whole warrant is exercisable to acquire one common share of the Company until May 31, 2013 at an exercise price of $2.50. The Prospectus also qualifies the distribution of the Underwriters' Warrants upon the deemed exercise of the Underwriters' Special Warrants, which were also deemed to be exercised on the Qualification Date.

In the event that, at any time after four months and one day after the Closing, the volume weighted average trading price of the Company's common shares on the TSXV, for a period of 20 consecutive trading days exceeds $4.00, the Company may, within five days after such an event, provide notice to the Warrant holders of early expiry and thereafter, the Warrants will expire on the date which is 30 days after the date of such notice.

As at May 31, 2011 the Company has incurred a total of $132,000 for legal, audit and filing costs associated with the Special Warrant financing and the Prospectus.

8. STOCK OPTIONS AND STOCK-BASED COMPENSATION

The Company has established a rolling stock option plan (the "Plan"), in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The minimum exercise price of the options is set at the Company's closing share price on the day before the grant date, less allowable discounts in accordance with the policies of the TSXV. The vesting provisions are determined by the Board of Directors and, unless otherwise stated, fully vest when granted.

During the six months ended May 31, 2011 the Company granted 1,010,000 stock options to its employees, directors and consultants and recorded compensation expense of $981,380. No stock options were granted by the Company during the six months ended May 31, 2010.

During the six months ended May 31, 2010 the Company recorded stock-based compensation of $3,752 on the vesting of stock options which were granted in fiscal 2008.

The fair value of stock options granted and vested during the six months ended May 31, 2011 is estimated using the Black-Scholes option pricing model using the following assumptions:

	2011
Risk-free interest rate	2.74%
Estimated volatility	90.88%
Expected life	5 years
Expected dividend yield	0%

The weighted average fair value of all stock options granted and vested during the six months ended May 31, 2011 was $1.61.

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide reliable measures of the fair value of the Company's stock options.

A summary of the Company's stock options at May 31, 2011 and 2010 and the changes for the six months ended on those dates, is presented below:

	2011		2010	
	Options Outstanding	Weighted Average Exercise Price $	Options Outstanding	Weighted Average Exercise Price $
Balance, beginning of period	1,213,752	0.51	462,000	0.10
Granted	1,010,000	1.00	-	-
Exercised	(50,000)	0.52	-	-
Balance, end of period	2,173,752	0.73	462,000	0.10

8. STOCK OPTIONS AND STOCK-BASED COMPENSATION (continued)

The following table summarizes information about the stock options outstanding and exercisable at May 31, 2011:

Number Outstanding	Number Exercisable	Exercise Price $	Expiry Date
42,000	42,000	0.10	March 28, 2018
1,121,752	1,121,752	0.52	November 16, 2013
1,010,000	610,000	1.00	April 20, 2016
2,173,752	1,773,752		

See also Note 15(a).

9. CONTRIBUTED SURPLUS

The Company's contributed surplus at May 31, 2011 and 2010 and the changes for the six months ended on those dates is presented below:

	2011 $	2010 $
Balance, beginning of period	574,429	26,261
Stock-based compensation on stock options	981,380	3,752
Stock-based compensation on warrants	474,058	-
Reallocation on stock options exercised	(20,548)	-
Reallocation on warrants exercised	(229)	-
Balance, end of period	2,009,090	30,013

10. RELATED PARTY TRANSACTIONS

During the six months ended May 31, 2011 the Company incurred:

(i) $32,800 (2010 - $nil) for accounting, administration and professional services provided by private companies owned by a director and officer of the Company; and
(ii) $158,268 (2010 - $nil) for salary and compensation, and relocation expenses paid to the President of the Company.

As at May 31, 2011, $8,500 remained outstanding and was included in accounts payable and accrued liabilities.

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

11. SEGMENTED INFORMATION

The Company is involved in the exploration and development of resource properties in Colombia with corporate operations located in Canada. The Company is in the exploration stage and, accordingly, has no reportable segment revenues or operating results.

	May 31, 2011		
	Corporate Canada $	Mineral Operations Colombia $	Total $
Current assets	22,582,781	357,445	22,940,226
Equipment	-	9,513	9,513
Mineral resource interests	-	685,393	685,393
	22,582,781	1,052,351	23,635,132

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of cash, short-term investment, amounts receivable and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

The carrying values, fair market values and fair value using the fair value hierarchal classification as at May 31, 2011 are as follows:

	Level 1 $	Level 2 $	Level 3 $
Cash	15,562,025	-	-
Short-term investment	7,209,500	-	-

The Company is exposed in varying degrees to a variety of financial instrument and related risks. Those risks and management's approach to mitigating those risks are as follows:

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, short-term investment and amounts receivable. Management believes that the credit risk concentration with respect to its financial instruments is remote as its cash and short-term investment are held at large financial institutions. Amounts receivable are primarily due from the Government of Canada.

Liquidity Risk

All of the Company's liabilities are classified as current and are anticipated to mature within the next fiscal period. The Company intends to settle these with funds from its positive working capital position.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

(a) Interest Rate Risk

The Company has cash and short-term investment and no interest bearing debt and is not subject to significant interest rate risk.

(b) Foreign Currency Risk

The Company's significant operations are based in Colombia and subject to foreign currency fluctuations. The Company's operating expenses are primarily incurred in Canadian Dollars and Colombian Pesos and the fluctuation of the Canadian Dollar in relation to the Colombian Peso will have an impact upon the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks. At May 31, 2011, 1 Canadian Dollar was equal to 1,862 Colombian Pesos.

Balances are as follows:

	Colombian Pesos	CDN $ Equivalent
Cash	652,198,978	350,231
Amounts receivable	13,434,650	7,214
Accounts payable and accrued liabilities	(16,435,770)	(8,826)
	649,197,858	348,619

Based on the net exposures as of May 31, 2011 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the Colombian Peso would result in the Company's net loss to be approximately $34,862 higher (or lower).

13. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the identification and review of asset or business acquisitions. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as shareholders equity. The Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new opportunities. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

14. SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash activities conducted by the Company during the six months ended May 31, 2011 and 2010, are as follows:

	2011 $	2010 $
Financing activities		
Issuance of common shares for fees	746,018	-
Common share issue costs	(1,136,326)	-
Contributed surplus	453,281	-
Special warrants issue costs	(166,059)	-
Contributed surplus on special warrants	166,059	-
Reallocation from contributed surplus on exercise of stock options	20,548	-
Reallocation from contributed surplus on exercise of finder's warrants	229	-
	83,750	-
Investing activities		
Common shares issued for a finder's fee in connection with the Santa Elena option	(83,750)	-

15. SUBSEQUENT EVENTS

(a) Subsequent to May 31, 2011:

(i) the Company granted stock options to consultants to purchase 210,000 common shares of the company at exercise prices ranging from $2.00 to $2.10 per share; and

(ii) stock options to purchase 125,000 common shares of the Company, at $1.00 per share, were forfeited.

(b) See also Note 7.

CUORO RESOURCES CORP.

(formerly Blue Cove Capital Corp.)

CONSOLIDATED INTERIM SCHEDULE OF MINERAL RESOURCE INTERESTS

(Unaudited - Prepared by Management)

	Six Months Ended May 31, 2011		
	Barranco de Loba Project $	Santa Elena Project $	Total $
BALANCE - BEGINNING OF PERIOD	-	-	-
AMOUNTS INCURRED DURING THE PERIOD			
EXPLORATION EXPENDITURES			
Assays	994	3,945	4,939
Contractors	-	2,533	2,533
IVA tax	-	537	537
Office and miscellaneous costs	-	528	528
Payroll	-	13,240	13,240
Rent	-	5,961	5,961
Rental and transportation	-	3,194	3,194
Surface taxes	-	6,680	6,680
Travel	-	380	380
	994	36,998	37,992
ACQUISITION COSTS			
Option payments	49,127	508,166	557,293
Finder's fee	-	83,750	83,750
Claims and lease costs	-	6,358	6,358
	49,127	598,274	647,401
BALANCE - END OF PERIOD	50,121	635,272	685,393