

Consolidated Financial Statements of

ROMARCO MINERALS INC.

(an exploration stage company)

Six month period ended June 30, 2007 and 2006
(Unaudited)

ROMARCO MINERALS INC.

(an exploration stage company)

Consolidated Balance Sheets

Canadian \$

	June 30, 2007	December 31, 2006
	<i>Unaudited</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,904,580	\$ 7,212,203
Amounts receivable	152,174	123,009
Prepaid expenses	81,642	58,812
	5,138,396	7,394,024
Mineral property interests (note 5)	5,014,477	3,423,709
Equipment (note 6)	173,528	101,982
Long-term deposits on office lease	5,806	-
Deferred acquisition costs (note 7)	59,665	-
Reclamation bonds	104,767	114,597
	\$ 10,496,639	\$ 11,034,312

Liabilities and Shareholders' Equity

Current Liabilities:		
Accounts payable and accrued liabilities	\$ 252,524	\$ 174,519
Long-term liabilities:		
Asset retirement obligations	56,689	56,689
	309,213	231,208
Shareholders' equity:		
Share capital (note 8(a))	41,069,291	40,343,097
Warrants (note 8(b))	2,653,607	2,717,564
Stock options (note 8(c))	807,600	540,100
Contributed surplus	672,446	672,446
Deficit	(35,015,518)	(33,470,103)
	10,187,426	10,803,104
	\$ 10,496,639	\$ 11,034,312

Subsequent events (note 11)

See accompanying notes to consolidated financial statements

Approved on behalf of the Board:

"Diane Garrett"

Director

"R. J. MacDonald"

Director

ROMARCO MINERALS INC.

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Consolidated Statements of Operations, Comprehensive Income (Loss) and Deficit

(Unaudited)

Canadian \$

	Three months ended June 30,		Six month period ended June 30,	
	2007	2006	2007	2006
Revenue:				
Interest income	\$ 52,021	\$ 19,446	\$ 118,027	\$ 44,563
Exploration, general and administrative expenses:				
Amortization	8,376	1,902	16,585	3,827
Audit and accounting	9,879	13,060	19,879	14,886
Consulting fees	13,836	22,963	97,514	95,088
Insurance	16,069	15,894	32,021	32,062
Legal fees	10,301	24,717	10,406	24,717
Office, rent and communication	72,505	22,107	154,035	46,994
Salaries	223,110	206,578	577,746	367,276
Shareholder relations and transfer agent	117,583	107,779	158,685	131,827
Stock based compensation (note 8(d))	105,350	51,000	288,500	68,400
Travel	100,137	58,585	154,798	76,363
Vehicle	772	-	5,477	-
Other	1,806	4,435	3,134	17,778
	679,724	529,020	1,518,780	879,218
Other income (expense):				
Merger break fees (note 4)	-	-	-	1,407,404
Merger costs (note 4)	-	(56,629)	-	(107,326)
Financing fees	-	-	-	(20,000)
Loss on foreign exchange	(120,394)	(90,545)	(144,662)	(67,500)
	(120,394)	(147,174)	(144,662)	1,212,578
Income (loss) and comprehensive income (loss)				
for the period	(748,097)	(656,748)	(1,545,415)	377,923
Deficit, beginning of period				
	(34,267,421)	(31,558,325)	(33,470,103)	(32,592,996)
Deficit, end of period				
	\$ (35,015,518)	\$ (32,215,073)	\$ (35,015,518)	\$ (32,215,073)
Income (loss) per share				
- basic	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ 0.01
- diluted	(0.01)	(0.01)	(0.02)	0.01
Weighted average number of shares outstanding				
	93,217,584	47,170,385	92,998,661	47,160,385

See accompanying notes to consolidated financial statements

ROMARCO MINERALS INC.

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Consolidated Statements of Cash Flows

(Unaudited)

Canadian \$

	Three months ended June 30,		Six month period ended June 30,	
	2007	2006	2007	2006
Cash provided by (used in):				
Operating activities:				
Income (loss) for the period	\$ (748,097)	\$ (656,748)	\$ (1,545,415)	\$ 377,923
Items not involving cash:				
Amortization	8,376	1,902	16,585	3,827
Stock based compensation	105,350	51,000	288,500	68,400
Change in non-cash working capital	(59,196)	22,423	(170,388)	658,082
Long-term deposits on office lease	(1,476)	-	(5,806)	-
	(695,043)	(581,423)	(1,416,524)	1,108,232
Financing activities:				
Exercise of stock options	39,000	-	39,000	-
Proceeds from issue of shares on exercise of warrants	363,059	-	430,889	-
	402,059	-	469,889	-
Investing activities:				
Mineral property interests	(608,335)	(126,568)	(1,268,022)	(415,744)
Deferred acquisition costs	(14,665)	-	(14,665)	-
Reclamation bonds	8,768	-	9,830	-
Equipment	(10,780)	-	(88,131)	-
	(625,012)	(126,568)	(1,360,988)	(415,744)
Increase (decrease) in cash and cash equivalents	(917,996)	(707,991)	(2,307,623)	692,488
Cash and cash equivalents at beginning of period	5,822,576	2,330,917	7,212,203	930,438
Cash and cash equivalents at end of period	\$ 4,904,580	\$ 1,622,926	\$ 4,904,580	\$ 1,622,926
Supplementary information:				
Issuance of common shares for:				
- mineral property interests (note 5 and 8(a))	\$ -	\$ -	\$ 171,348	\$ 48,000

See accompanying notes to consolidated financial statements

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Notes to Consolidated Financial Statements

(Unaudited)

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1. Basis of presentation

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for the preparation of interim statements. Accordingly, these interim statements do not contain all the information required for annual financial statements and should be read in conjunction with the audited annual consolidated financial statements of Romarco Minerals Inc. as at, and for the year ended, December 31, 2006. These consolidated financial statements follow the same accounting policies and methods of application as the December 31, 2006 audited annual consolidated financial statements of Romarco Minerals Inc., except as described in note 3.

2. Nature of operations

Romarco Minerals Inc. (the "Company" or "Romarco") is incorporated under the laws of British Columbia and at June 30, 2007, its principal business activities are the acquisition, exploration and development of mineral properties. To date, the Company has not earned significant revenues and is considered to be in the exploration stage.

At June 30, 2007, the Company is in the process of developing its mineral properties and has not yet determined whether its mineral properties contain resources that are economically recoverable. The underlying value of the Company's mineral properties and the recoverability of the related deferred costs is entirely dependent on the existence of economically recoverable resources in its mineral properties and the ability of the Company and its joint venture partners to obtain the necessary financing to complete development and upon future profitable production from or the proceeds from the disposition of its mineral properties.

3. Change in accounting policies

New Accounting Policy – Financial Instruments

Effective January 1, 2007, Romarco adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA").

- (a) Section 3855, *Financial Instruments – Recognition and Measurement* and Section 3861, *Financial Instruments – Disclosure and Presentation*, prescribe the criteria for recognition and presentation of financial instruments on the balance sheet and the measurement of financial instruments according to prescribed classifications. These sections also address how financial instruments are measured subsequent to initial recognition and how the gains and losses are recognized.

The Company was required to designate its financial instruments into one of the following five categories: held-for-trading; available-for-sale; held-to-maturity; loans and receivables; and other financial liabilities. All financial instruments are to be initially measured at fair value. Financial instruments classified as held-for-trading or available-for-sale are subsequently measured at fair value with any change in fair value recorded in net earnings and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost.

All derivative financial instruments, including derivative features embedded in financial instruments or other contracts but which are not considered closely related to the host financial instrument or contract, are generally classified as held-for-trading and, therefore, must be measured at fair value with changes in fair value recorded in net earnings. However, if a derivative financial instrument is designated as a hedging item

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in a qualifying cash flow hedging relationship, the effective portion of changes in fair value is recorded in other comprehensive income. Any change in fair value relating to the ineffective portion is recorded immediately in net earnings.

Romarco has designated its financial instruments as follows:

- Cash, cash equivalents, and short-term investments are classified as "Available-for-Sale". Due to their short-term nature, their carrying value equals their fair value;
- Other receivables and advances are classified as "Loans and Receivables". These financial assets are recorded at values that approximate their amortized cost using the effective interest method; and
- Accounts payable and accrued liabilities are classified as "Other Financial Liabilities". These financial liabilities are recorded at values that approximate their amortized cost using the effective interest method.

Under Section 3855, embedded derivatives are required to be separated from the host contract and accounted for as a derivative financial instrument if the embedded derivative and host contract are not closely related, and the combined contract is not held-for-trading or designated at fair value. This change did not have any impact on the Company as it does not have any embedded derivatives.

- (b) Section 1530, Comprehensive Income, introduces a new financial statement - "Statement of Comprehensive Income" and provides guidance for the reporting and display of other comprehensive income. Comprehensive income represents the change in equity of an enterprise during a period from transactions and other events arising from non-owner sources including gains and losses arising on translation of self-sustaining foreign operations, gains and losses from changes in fair value of available-for-sale financial assets and changes in the fair value of the effective portion of cash flow hedging instruments. The new standard did not have an impact upon adoption and the Company has not recognized any adjustments through other comprehensive income for the six months ended June 30, 2007.
- (c) Section 3865, Hedges specifies the criteria under which hedge accounting may be applied, how hedge accounting should be performed under permitted hedging strategies and the required disclosures. This standard did not have an impact on the Company upon adoption nor for the six months ended June 30, 2007.

4. Merger break fees

In August 2005 the Company announced that it had entered into an agreement to merge with Western Goldfields, Inc, a public US company which owns and operates the Mesquite gold mine in southern California. A merger agreement was signed in September 2005. In February 2006, the Company and Western Goldfields terminated the definitive merger agreement. In consideration for agreeing to such termination, Western Goldfields paid the Company \$1,407,404 for break fees and expense compensation. The company incurred legal and other costs of \$107,326 in 2006 in connection with the merger.

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5. Mineral Property Interests

	Balance		Additions	
	Jun 30, 2007	Dec 31, 2006	6 months ended Jun 30, 2007	3 months ended Jun 30, 2007
Pinos Gold District, Mexico				
Acquisition, advance royalty and land holding costs	\$ 294,339	\$ 195,018	\$ 99,321	\$ -
Exploration:				
Drilling	368,728	-	368,728	186,371
Geological and geochemistry	9,113	8,219	894	894
Logistics, permitting and reporting	222,406	100,016	122,390	78,914
	894,586	303,253	591,333	266,179
Buckskin-National, Nevada				
Acquisition and land holding costs	731,838	644,838	87,000	-
Exploration:				
Aerial photography	24,408	24,408	-	-
Data compilation	2,966	2,966	-	-
Drilling	1,152,491	1,097,261	55,230	51,159
Geological and geochemistry	137,395	137,395	-	-
Logistics, permitting and reporting	40,407	37,985	2,422	1,721
Provision for reclamation costs	32,169	32,169	-	-
	2,121,674	1,977,022	144,652	52,880
Pine Grove, Nevada				
Acquisition and land holding costs	286,312	179,146	107,166	7,679
Exploration:				
Aerial photography	2,280	2,280	-	-
Data compilation	7,900	7,900	-	-
Drilling	880,803	210,976	669,827	424,195
Geological and geochemistry	35,286	35,286	-	-
Logistics, permitting and reporting	34,009	21,466	12,543	8,414
Provision for reclamation costs	17,583	17,583	-	-
	1,264,173	474,637	789,536	440,288
Roberts Mountains, Nevada				
Acquisition and land holding costs	171,663	171,663	-	-
Exploration:				
Data compilation	5,485	5,485	-	-
Drilling	293,988	293,926	62	62
Geological and geochemistry	20,106	20,106	-	-
Logistics, permitting and reporting	4,039	4,039	-	-
Provision for reclamation costs	6,937	6,937	-	-
	502,218	502,156	62	62

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	Balance		Additions	
	Jun 30, 2007	Dec 31, 2006	6 months ended Jun 30, 2007	3 months ended Jun 30, 2007
Red Canyon, Nevada				
Acquisition and land holding costs	135,957	80,957	55,000	-
Exploration:				
Drilling	1,061	-	1,061	-
Geological and geochemistry	8,800	-	8,800	-
Logistics, permitting and reporting	1,413	1,089	324	324
	147,231	82,046	65,185	324
Golden Zebra, Nevada				
Acquisition and land holding costs	77,421	77,421	-	-
Exploration:				
Geological and geochemistry	5,558	5,558	-	-
Logistics, permitting and reporting	1,616	1,616	-	-
	84,595	84,595	-	-
	\$ 5,014,477	\$ 3,423,709	\$ 1,590,768	\$ 759,733

Buckskin-National, Nevada

In January 2007, the Company issued 300,000 common shares at \$0.29 per share in accordance with the Buckskin-National agreement with Paragon Precious Metals. See also note 11.

Pine Grove, Nevada

In March 2007, the Company issued 127,600 common shares at \$0.23 per share in accordance with the amended Pine Grove agreement with Carlin Gold Corporation.

Red Canyon, Nevada

In January 2007, the Company issued 250,000 common shares at \$0.22 per share in accordance with the Red Canyon agreement with Miranda Gold Corp. ("Miranda"). Original terms of the agreement required Romarco to spend US\$400,000 in qualifying work expenditures during the first year of the agreement, subject to certain conditions. In July 2007, Romarco and Miranda agreed to enter into an amendment to replace the first year work expenditure of US\$400,000 with a 6,000 foot drilling program to be completed by December 31, 2007.

Cori Puncho, Peru

In March 2007, the joint venture partners agreed to Romarco's withdrawal from the joint venture. Romarco returned its 50% interest to New Dimension Resources Ltd. ("NDR") and received a 5% Net Profits Interest on the current claims owned by the joint venture as well as any additional claims acquired by the joint venture in the future. If NDR attracts a new partner for the Cori Puncho Joint Venture, NDR shall pay Romarco 25% of any net cash payments received by NDR, up to a maximum of US\$100,000. At December 31, 2006 the Company wrote-off the associated deferred costs incurred at Cori Puncho.

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6. Equipment

	Jun 30, 2007			Dec 31, 2006
	Cost	Accumulated amortization	Net book value	Net book Value
Computer equipment	\$ 46,266	\$ 15,017	\$ 31,249	\$ 9,744
Office furniture and equipment	74,602	7,368	67,234	8,008
Field equipment	36,538	10,988	25,550	26,881
Vehicles	64,034	14,539	49,495	57,349
	\$ 221,440	\$ 47,912	\$ 173,528	\$ 101,982

7. Deferred acquisition costs

Deferred acquisition costs relate to due diligence and other costs in connection with the planned acquisition of the Haile Gold Mine (note 11). Once the anticipated acquisition closes, these costs will be added to the cost of the acquisition. If the Company determines that the acquisition will most likely not close, then these deferred acquisition costs will be expensed.

8. Capital Stock

(a) Common shares:

	Number of shares	Amount
Authorized:		
Unlimited common shares		
Issued:		
At December 31, 2006	92,080,648	\$ 40,343,097
Issued on exercise of warrants	1,539,100	494,846
Issued for mineral property interests	677,600	171,348
Issued on exercise of stock options	150,000	60,000
At June 30, 2007	94,447,348	\$ 41,069,291

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(b) Warrants:

The following warrants to purchase common shares of the Company were outstanding at June 30, 2007:

Expiry date	Value assigned	Number	Average exercise price
At December 31, 2006	\$ 2,717,564	70,368,644	\$ 0.27
Exercised	(63,957)	(1,539,100)	0.21
Issued on exercise of warrants	-	16,100	0.30
At June 30, 2007	\$ 2,653,607	68,845,644	\$ 0.27

Expiry date	Number outstanding	Exercise price
September 2007	22,077,263	\$ 0.21
September 2008	43,726,363	0.30 ¹
September 2008	2,528,418	0.19 ²
September 2008	513,600	0.19
Outstanding, June 30, 2007	68,845,644	

1. If the shares of the Company trade at \$0.40 or higher for 20 consecutive days, the warrants will expire 30 days following notice to warrant holders.
2. An additional 2,544,518 warrants will be issued upon the exercise of these warrants. The additional warrants are exercisable at \$0.30 per share until August 28, 2008. If the shares of the Company trade at \$0.40 or higher for 20 consecutive days, the warrants will expire 30 days following notice to warrant holders.

(c) Stock options:

The following stock options to purchase common shares of the Company were authorized and outstanding at June 30, 2007:

	Number	Average exercise price
At December 31, 2006	4,465,000	\$ 0.26
Issued	2,275,000	0.27
Exercised	(150,000)	0.26
At June 30, 2007	6,590,000	\$ 0.26

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Expiry date	Number outstanding	Exercise price	Exercisable
December 2007	700,000	\$ 0.30	700,000
January 2008	100,000	0.23	100,000
June 2008	150,000	0.30	150,000
September 2008	1,100,000	0.26	1,100,000
November 2008	250,000	0.36	250,000
January 2010	815,000	0.25	815,000
October 2010	450,000	0.15	450,000
April 2011	400,000	0.29	300,000
December 2011	350,000	0.22	175,000
January 2012	100,000	0.30	25,000
February 2012	1,725,000	0.27	431,250
February 2012	350,000	0.24	87,500
April 2012	50,000	0.23	12,500
May 2012	50,000	0.19	12,500
Outstanding, June 30, 2007	6,590,000	\$ 0.26	4,608,750

(d) Stock based compensation:

The Company recognized \$105,350 (2006 - \$51,000) of stock-based compensation in the three months ended June 30, 2007 and \$288,500 (2006 - \$68,400) in the six months ended June 30, 2007 with corresponding increases in the separate stock options category of shareholders' equity.

The weighted average fair value of the option grants for the options granted was estimated on the date of the grant using the Black-Scholes option pricing model with the following assumptions:

	2007	2006
Expected option lives	5 years	5 years
Risk-free interest rate	4.0% - 4.5%	3.5%
Dividend yield	nil	nil
Volatility	87%	95%
Weighted average fair value	\$ 0.12 - 0.21	\$ 0.19 - 0.21

Option 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 warrants and stock options granted and/or vested during the period.

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9. Related party transactions

Amounts paid to related parties in the normal course of business are measured at the exchange amount as follows:

	Three months ended June 30,		Six months ended June 30,	
	2007	2006	2007	2006
Consulting fees paid to directors	\$ 11,020	\$ 22,963	\$ 28,978	\$ 95,088
Salaries paid to directors	16,472	-	28,154	-
Financing fee paid to a large shareholder of the Company	-	-	-	20,000
	\$ 27,492	\$ 22,963	\$ 57,132	\$ 105,088

10. Segmented information

(a) Operating segment – The Company's operations are primarily directed towards the acquisition and exploration of resource properties.

(b) Geographic segments – The Company's assets, revenues and expenses by geographic areas are as follows:

	Canada	United States	Mexico	Total
Total assets at June 30, 2007	\$ 5,094,369	\$ 4,308,916	\$ 1,093,354	\$ 10,496,639
Interest income	\$ 52,021	\$ -	\$ -	\$ 52,021
Exploration, general and administrative expenses	(394,415)	(283,449)	(1,860)	(679,724)
Other income (expense)	(120,394)	-	-	(120,394)
Net loss for the three months ended June 30, 2007	\$ (462,788)	\$ (283,449)	\$ (1,860)	\$ (748,097)
Interest income	\$ 118,027	\$ -	\$ -	\$ 118,027
Exploration, general and administrative expenses	(822,204)	(692,753)	(3,823)	(1,518,780)
Other income (expense)	(144,662)	-	-	(144,662)
Net loss for the six months ended June 30, 2007	\$ (848,839)	\$ (692,753)	\$ (3,823)	\$ (1,545,415)

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	Canada	United States	Peru	Total
Total assets at June 30, 2006	\$ 1,752,954	\$ 2,189,353	\$ 378,433	\$ 4,320,740
Interest income	\$ 19,446	\$ -	\$ -	\$ 19,446
Exploration, general and administrative expenses	(391,356)	(137,664)	-	(529,020)
Other income (expense)	(147,174)	-	-	(147,174)
Net income (loss) for the three months June 30, 2006	\$ (519,084)	\$ (137,664)	\$ -	\$ (656,748)
Interest income	\$ 44,563	\$ -	\$ -	\$ 44,563
Exploration, general and administrative expenses	(562,329)	(316,889)	-	(879,218)
Other income (expense)	1,212,758	-	-	1,212,578
Net income (loss) for the six months June 30, 2006	\$ 694,992	\$ (316,889)	\$ -	\$ 377,923

11. Subsequent events

Haile Gold Mine

In August 2007, the Company executed an agreement with Haile Mining Company ("HMC"), a subsidiary of Kinross Gold Corporation, to purchase the Haile Gold Mine property located in Lancaster County, South Carolina. Romarco has also entered into agreements with other parties to secure additional land around the Haile Gold Mine Property.

The terms of the agreement with HMC include: (1) the issuance of 5 million common shares to HMC upon closing; (2) Romarco's assumption of the financial assurance bonding (US\$4.1 million) and reclamation obligations; and (3) a per ounce payment to HMC on new reserve ounces delineated on its property only (US\$3 per ounce on reserves identified between 1 and 3 million ounces and US\$5 per ounce on reserves identified between 3 and 5 million ounces). The aforementioned per ounce payments shall be paid once the project reaches commercial production. Romarco expects to complete the purchase in October 2007.

Shares issued on exercise of warrants

In July and August 2007, the Company issued 7,207,853 common shares upon the exercise of warrants for proceeds of \$1,515,449.

Stock options

In August 2007, the Company granted 1,625,000 stock options to employees and directors, exercisable until August 2012 at a price of \$0.29 per share. All options were granted pursuant to the Company's Stock Option Plan.