

Consolidated Financial Statements of

ROMARCO MINERALS INC.

(an exploration stage company)

Three months ended March 31, 2007

(Unaudited)

ROMARCO MINERALS INC.

(an exploration stage company)

Consolidated Balance Sheets

Canadian \$

	March 31, 2007	December 31, 2006
	<i>Unaudited</i>	
Assets		
Current assets:		
Cash and cash equivalents	\$ 5,822,576	\$ 7,212,203
Amounts receivable	155,773	123,009
Prepaid expenses	117,418	58,812
	6,095,767	7,394,024
Mineral property interests (note 4)	4,254,744	3,423,709
Equipment (note 5)	171,124	101,982
Long-term deposit on office lease	4,330	-
Reclamation bonds	113,535	114,597
	\$ 10,639,500	\$ 11,034,312

Liabilities and Shareholders' Equity

Current Liabilities:		
Accounts payable and accrued liabilities	\$ 154,697	\$ 174,519
Long-term liabilities:		
Asset retirement obligations	56,689	56,689
	211,386	231,208
Shareholders' equity:		
Share capital (note 6(a))	40,582,275	40,343,097
Warrants (note 6(b))	2,717,564	2,717,564
Stock options (note 6(c))	723,250	540,100
Contributed surplus	672,446	672,446
Deficit	(34,267,421)	(33,470,103)
	10,428,114	10,803,104
	\$ 10,639,500	\$ 11,034,312

Subsequent events (note 9)

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 March 31,	
	2007	2006
Revenue:		
Interest income	\$ 66,006	\$ 25,117
Exploration, general and administrative expenses:		
Amortization	8,209	1,925
Audit and accounting	10,000	1,826
Consulting fees	83,678	72,125
Insurance	15,952	16,168
Legal fees	105	-
Office, rent and communication	81,530	24,887
Salaries	354,636	160,698
Shareholder relations and transfer agent	41,102	24,048
Stock based compensation (note 6(d))	183,150	17,400
Travel	54,661	17,778
Vehicle	4,705	-
Other	1,328	13,343
	839,056	350,198
Other income (expense):		
Merger break fees (note 3)	-	1,407,404
Merger costs (note 3)	-	(50,697)
Financing fees	-	(20,000)
Gain (loss) on foreign exchange	(24,268)	23,045
	(24,268)	1,359,752
Income (loss) and comprehensive income (loss) for the period	(797,318)	1,034,671
Deficit, beginning of period	(33,470,103)	(32,592,996)
Deficit, end of period	\$ (34,267,421)	\$ (31,558,325)
Loss per share		
- basic	\$ (0.01)	\$ 0.02
- diluted	N/A	0.01
Weighted average number of shares outstanding	92,778,821	47,160,385

See accompanying notes to consolidated financial statements

ROMARCO MINERALS INC.

(an exploration stage company)

Consolidated Statements of Cash Flows

(Unaudited)

Canadian \$

	Three months ended March 31,	
	2007	2006
Cash provided by (used in):		
Operating activities:		
Income (loss) and comprehensive income (loss) for the period	\$ (797,318)	\$ 1,034,671
Items not involving cash:		
Amortization	8,209	1,925
Stock based compensation	183,150	17,400
Change in non-cash working capital	(111,192)	635,659
Long-term deposit on office lease	(4,330)	-
	(721,481)	1,689,655
Financing activities:		
Proceeds from issue of shares on exercise of warrants	67,830	-
Investing activities:		
Mineral property interests	(659,687)	(289,176)
Reclamation bonds	1,062	-
Equipment	(77,351)	-
	(735,976)	(289,176)
Increase (decrease) in cash and cash equivalents	(1,389,627)	1,400,479
Cash and cash equivalents at beginning of period	7,212,203	930,438
Cash and cash equivalents at end of period	\$ 5,822,576	\$ 2,330,917
Supplementary information:		
Issuance of common shares for:		
- mineral property interests (note 4 and 6(a))	\$ 171,348	\$ 48,000

See accompanying notes to consolidated financial statements

ROMARCO MINERALS INC.

(an exploration stage company)

Notes to Consolidated Financial Statements

(Unaudited)

March 31, 2007

Canadian \$

1. Nature of operations

Romarco Minerals Inc. (the "Company" or "Romarco") is incorporated under the laws of British Columbia and at March 31, 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 March 31, 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.

2. 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 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

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Ÿ 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 Company has not recognized any adjustments through other comprehensive income for the three months ended March 31, 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 for the three months ended March 31, 2007.

3. Merger

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. In September 2005, Romarco and Western Goldfields signed the definitive merger agreement in which Romarco agreed to make interim financing available to Western Goldfields prior to completion of the Merger for the purpose of financing Western Goldfields' transaction costs related to the merger, making payments associated with Western Goldfields' existing credit facilities, feasibility work at the Mesquite Mine and other agreed upon working capital needs. Any such interim loans were due and payable on the earlier of December 31, 2006 and 30 days after the date of termination of the Merger Agreement and were to bear interest at 12% per annum until paid. Such interim loans were secured by the real and personal property of Western Goldfields and its subsidiaries subject to a prior interest of an existing Western Goldfields creditor and could be converted into shares of common stock of Western Goldfields, at the option of Romarco. In the fourth quarter of 2005 Romarco advanced a total of \$832,000 (US\$705,000) to Western Goldfields under the financing provision of the merger agreement.

In February 2006, the Company and Western Goldfields terminated the definitive merger agreement. In consideration for agreeing to such termination, Western Goldfields repaid all outstanding loans and accrued interest of \$836,700 and paid the Company \$1,407,404 for break fees and expense compensation.

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4. Mineral Property Interests

	Balance Dec 31, 2006	Expenditures 3 months ended Mar 31, 2007	Balance Mar 31, 2007
Pinos Gold District, Mexico			
Acquisition, advance royalty and land holding costs	195,018	99,321	294,339
Exploration:			
Drilling	-	182,357	182,357
Geological and geochemistry	8,219	-	8,219
Logistics, permitting and reporting	100,016	43,476	143,492
	303,253	325,154	628,407
Buckskin-National, Nevada			
Acquisition and land holding costs	\$ 644,838	\$ 87,000	\$ 731,838
Exploration:			
Aerial photography	24,408	-	24,408
Data compilation	2,966	-	2,966
Drilling	1,097,261	4,071	1,101,332
Geological and geochemistry	137,395	-	137,395
Logistics, permitting and reporting	37,985	701	38,686
Provision for reclamation costs	32,169	-	32,169
	1,977,022	91,772	2,068,794
Pine Grove, Nevada			
Acquisition and land holding costs	179,146	99,487	278,633
Exploration:			
Aerial photography	2,280	-	2,280
Data compilation	7,900	-	7,900
Drilling	210,976	245,632	456,608
Geological and geochemistry	35,286	-	35,286
Logistics, permitting and reporting	21,466	4,129	25,595
Provision for reclamation costs	17,583	-	17,583
	474,637	349,248	823,885
Roberts Mountains, Nevada			
Acquisition and land holding costs	171,663	-	171,663
Exploration:			
Data compilation	5,485	-	5,485
Drilling	293,926	-	293,926
Geological and geochemistry	20,106	-	20,106
Logistics, permitting and reporting	4,039	-	4,039
Provision for reclamation costs	6,937	-	6,937
	502,156	-	502,156

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	Balance Dec 31, 2006	Expenditures 3 months ended Mar 31, 2007	Balance Mar 31, 2007
Red Canyon, Nevada			
Acquisition and land holding costs	80,957	55,000	135,957
Exploration:			
Drilling	-	1,061	1,061
Geological and geochemistry	-	8,800	8,800
Logistics, permitting and reporting	1,089	-	1,089
	82,046	64,861	146,907
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
	\$ 3,423,709	\$ 831,035	\$ 4,254,744

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.

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.

Cori Puncho, Peru

In March 2007, the joint venture partners agreed to Romarco's withdrawal from the joint venture. Romarco will return its 50% interest to New Dimension Resources Ltd. ("NDR") and receive 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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5. Equipment

	Dec 31, 2007			Dec 31, 2006
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ 43,648	\$ 13,315	\$ 30,333	\$ 9,744
Office furniture and equipment	66,440	5,133	61,307	8,008
Field equipment	36,538	10,343	26,195	26,881
Vehicles	64,034	10,745	53,289	57,349
	\$ 210,660	\$ 39,536	\$ 171,124	\$ 101,982

6. 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 in January 2007 for mineral property interests	550,000	142,000
Issued in February 2007 for cash on exercise of warrants	323,000	67,830
Issued in March 2007 for mineral property interests	127,600	29,348
At March 31, 2007	93,081,248	\$ 40,582,275

(b) Warrants:

The following warrants to purchase common shares of the Company were outstanding at March 31, 2007:

Expiry date	Value assigned	Number	Average exercise price
As at December 31, 2006	\$ 2,717,564	70,368,644	\$ 0.27
Exercised in February 2007	-	(323,000)	0.21
Outstanding, March 31, 2007	\$ 2,717,564	70,045,644	\$ 0.27

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Expiry date	Number outstanding	Exercise price
September 2007	22,077,263	\$ 0.21
September 2008	44,910,263	0.30 ¹
September 2008	2,544,518	0.19 ²
September 2008	513,600	0.19
Outstanding, March 31, 2007	70,045,644	

1. If the shares of the Company trade at C\$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 C\$0.30 per share until August 28, 2008. If the shares of the Company trade at C\$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 March 31, 2007:

	Number	Average exercise price
Outstanding, December 31, 2006	4,465,000	\$ 0.26
Issued in January 2007	100,000	0.30
Issued in February 2007	2,075,000	0.27
Outstanding, March 31, 2007	6,640,000	\$ 0.26

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	1,250,000	0.26	1,250,000
November 2008	250,000	0.36	250,000
January 2010	815,000	0.25	815,000
October 2010	450,000	0.15	337,500
April 2011	400,000	0.29	200,000
December 2011	350,000	0.22	87,500
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
Outstanding, March 31, 2007	6,640,000	\$ 0.26	4,433,750

(d) Stock based compensation:

During the three months ended March 31, 2007 the Company recognized \$183,150 (2006 - \$17,400) of stock-based compensation with corresponding increases in the separate stock options category of shareholders' equity.

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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
Expected option lives	5 years
Risk-free interest rate	4.0%
Dividend yield	nil
Volatility	87%
Weighted average fair value	\$ 0.16 - 0.20

No stock options were issued in the first quarter of 2006.

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.

7. Related party transactions

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

	2007	2006
Consulting fees paid to directors	\$ 17,958	\$ 72,125
Salaries paid to directors	11,682	-
Financing fee paid to a large shareholder of the Company	-	20,000
	\$ 29,640	\$ 82,125

8. Segmented information

The Company currently operates in one business segment, being the acquisition and exploration of mineral properties.

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

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(Unaudited)

March 31, 2007

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

	Canada	United States	Mexico	Total
Assets at March 31, 2007	\$ 5,927,301	\$ 3,891,370	\$ 820,829	\$ 10,639,500
Interest income	\$ 66,006	\$ -	\$ -	\$ 66,006
Exploration, general and administrative expenses	(427,789)	(409,304)	(1,963)	(839,056)
Other income (expense)	(24,268)	-	-	(24,268)
Net loss for the three months ended March 31, 2007	\$ (386,051)	\$ (409,304)	\$ (1,963)	\$ (797,318)

	Canada	United States	Peru	Total
Assets at March 31, 2006	\$ 5,927,301	\$ 2,179,583	\$ 266,804	\$ 5,002,107
Interest income	\$ 25,117	\$ -	\$ -	\$ 25,117
Exploration, general and administrative expenses	(211,999)	(138,199)	-	(350,198)
Other income (expense)	1,359,752	-	-	1,359,752
Net loss for the three months ended March 31, 2006	\$ 1,172,870	\$ (138,199)	\$ -	\$ 1,034,671

9. Subsequent events

Haile Gold Mine

In May 2007, the Company executed a Letter of Intent with 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 Kinross, which is subject to final approval by both parties, include: (1) the issuance of 5 million common shares to Kinross Gold; (2) Romarco's assumption of the financial assurance bonding (US\$4.1 million); and (3) a per ounce payment to Kinross 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 payments shall be paid once the Project reaches commercial production and shall be paid from net cash flow.

Shares issued on exercise of warrants

In May 2007, the Company issued 16,100 units at \$0.19 per share upon the exercise of broker warrants. Each unit consisted of one full common share and one full common share purchase warrant. Each full warrant is exercisable at C\$0.30 per share until August 28, 2008. If the shares of the Company trade at C\$0.40 or higher for 20 consecutive days, the warrants will expire 30 days following notice to warrant holders.