

Interim Consolidated Financial Statements of

ROMARCO MINERALS INC.
(an exploration/development stage company)

Six month period ended June 30, 2009 and 2008
(Unaudited)
Amounts in US Dollars

ROMARCO MINERALS INC.

(an exploration/development stage company)

Interim Consolidated Balance Sheets**(Unaudited)**

Amounts in US Dollars

	June 30, 2009	December 31, 2008
Assets		
Current assets:		
Cash and cash equivalents	\$ 14,493,534	\$ 4,495,423
Accounts receivable	13,108	38,438
Prepaid expenses	198,001	46,235
Other	196,668	181,578
	<u>14,901,311</u>	<u>4,761,674</u>
Mineral property interests (note 4)	21,882,925	12,196,989
Property, plant and equipment (note 5)	2,393,540	1,510,226
Reclamation bonds	1,122,763	1,135,739
Security deposit	14,374	14,374
	<u>\$ 40,314,913</u>	<u>\$ 19,619,002</u>
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 1,655,018	\$ 371,143
Lease on software	7,827	-
Asset retirement obligations (note 7)	621,546	762,468
Payable for mineral property acquisition (note 4)	1,656,600	-
	<u>3,940,991</u>	<u>1,133,611</u>
Long-term liabilities:		
Lease on software	12,394	-
Asset retirement obligations (note 7)	407,550	514,599
	<u>4,360,935</u>	<u>1,648,210</u>
Shareholders' equity:		
Share capital (note 6(a))	63,396,216	47,443,071
Warrants (note 6(b))	4,982,356	1,858,025
Stock options (note 6(c))	1,708,392	1,173,099
Compensation options (note 6(e))	904,132	-
Contributed surplus	3,111,664	3,111,664
Accumulated Other Comprehensive Loss (note 2(a))	(12,827)	(12,827)
Deficit	(38,135,955)	(35,602,240)
	<u>35,953,978</u>	<u>17,970,792</u>
	<u>\$ 40,314,913</u>	<u>\$ 19,619,002</u>
Measurement uncertainty (note 2)		
Commitments and contingency (note 11)		
Subsequent events (note 13)		
See accompanying notes to consolidated financial statements		
Approved on behalf of the Board:		
<u>"Diane Garrett"</u>		<u>"R. J. MacDonald"</u>
Director		Director

ROMARCO MINERALS INC.

(an exploration/development stage company)

Interim Consolidated Statements of Loss, Comprehensive loss and Deficit**(Unaudited)***Amounts in US Dollars*

	Three month period ended June 30,		Six month period ended June 30,	
	2009	2008	2009	2008
General and administrative expenses:				
Amortization	17,869	33,261	29,948	56,428
Audit and accounting	52,221	51,305	64,083	63,281
Consulting fees	7,639	51,563	7,684	58,387
Insurance	22,604	15,791	45,914	32,291
Legal fees	67,689	57,212	76,190	120,218
Office, rent and communication	145,402	84,770	241,278	160,454
Salaries	1,019,593	281,106	1,375,434	582,546
Shareholder relations and transfer agent	193,256	89,460	301,515	175,449
Stock based compensation (note 6(d))	492,308	62,647	550,651	152,254
Travel	133,397	61,681	185,116	136,214
Vehicle	680	5,637	2,933	9,195
Accretion expense (note 7)	24,937	22,533	34,424	46,588
Other	6,969	(1,121)	15,314	2,630
	2,184,564	815,845	2,930,484	1,595,935
Other income (expense):				
Interest income	21,669	61,729	53,140	117,080
Financing fees	-	7,246	-	(150,137)
Gain (loss) on foreign exchange	311,258	(36,734)	438,648	(22,867)
Mineral property termination fees (note 4)	(23,769)	-	(267,662)	-
Recovery of reclamation bonds previously written off in mineral property write downs (note 4)	82,649	-	82,649	-
ARO written down for mineral properties previously written down (note 7)	32,605	-	32,605	-
Gain on asset retirement obligation (note 7)	-	47,224	57,389	47,224
	424,412	79,465	396,769	(8,700)
Net loss and comprehensive loss for the period	(1,760,152)	(736,380)	(2,533,715)	(1,604,635)
Deficit, beginning of period	(36,375,803)	(31,467,844)	(35,602,240)	(30,599,589)
Deficit, end of period	\$ (38,135,955)	\$ (32,204,224)	\$ (38,135,955)	\$ (32,204,224)
Loss per share				
- basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.02)
Weighted average number of shares outstanding	273,718,624	93,217,584	248,789,087	92,998,661

See accompanying notes to consolidated financial statements

ROMARCO MINERALS INC.

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Interim Consolidated Statements of Cash Flows**(Unaudited)***Amounts in US Dollars*

	Three month period ended June 30,		Six month period ended June 30,	
	2009	2008	2009	2008
Cash provided by (used in):				
Operating activities:				
Loss for the period	\$ (1,760,152)	\$ (736,380)	\$ (2,533,715)	\$ (1,604,635)
Items not involving cash:				
Amortization	17,869	33,261	29,948	56,428
Accretion expense	24,937	22,533	34,424	46,588
Accrued interest on investment accounts	8,528	36,482	(4,246)	-
Stock based compensation	492,308	62,647	550,651	152,254
Interest on reclamation bonds	-	(68,867)	-	(72,863)
Unrealized interest on reclamation bonds	-	(94,522)	-	(94,522)
Recovery of ARO costs previously written off (note 7)	(32,605)	-	(32,605)	-
Recovery of mineral property reclamation bonds	(82,649)	-	(82,649)	-
Gain on asset retirement obligation	-	(47,224)	(57,389)	(47,224)
Settlement of asset retirement obligation	(84,241)	(156,367)	(192,401)	(270,922)
Change in non-cash working capital (note 10)	60,636	198,325	68,922	326,325
Security deposits	-	(743)	-	(5,751)
	(1,355,369)	(750,855)	(2,219,060)	(1,514,322)
Financing activities:				
Repayment of software lease	(3,322)	-	(3,322)	-
Proceeds from brokered placement	-	39,650	21,176,011	4,678,698
Share issue costs	(26,976)	(15,966)	(1,433,211)	(15,966)
Exercise of stock options	89,359	51,636	115,881	51,636
Exercise of warrants	1,716	-	32,073	-
	60,777	75,320	19,887,432	4,714,368
Investing activities:				
Reclamation bonds refunded	75,349	-	95,625	-
Mineral property interests	(3,970,070)	(1,966,408)	(6,631,775)	(3,705,677)
Property, plant and equipment	(397,271)	(144,566)	(1,134,111)	(240,305)
	(4,291,992)	(2,110,974)	(7,670,261)	(3,945,982)
Increase (decrease) in cash and cash equivalents	(5,586,584)	(2,786,509)	9,998,111	(745,936)
Cash and cash equivalents at beginning of period	20,080,118	5,259,664	4,495,423	3,219,091
Cash and cash equivalents at end of period	\$ 14,493,534	\$ 2,473,155	\$ 14,493,534	\$ 2,473,155
Supplementary information:				
Issuance of common shares for:				
- mineral property interests	-	-	13,140	171,348
Promissory note for mineral property acquisition	156,600	-	1,656,600	-
Accounts payable and accrued liabilities in mineral properties	784,226	274,932	1,077,672	289,603

See accompanying notes to consolidated financial statements

ROMARCO MINERALS INC.

(an exploration/development stage company)

Notes to Interim Consolidated Financial Statements (Unaudited)

For the six months ended June 30, 2009

Figures in US Dollars unless otherwise stated

1. Nature of operations

Romarco Minerals Inc. (the "Company" or "Romarco") is incorporated under the laws of British Columbia and at June 30, 2009, its principal business activities are the acquisition, exploration and development of mineral properties. To date, the Company has not earned significant revenues from any of its properties.

At June 30, 2009, the Company was in the process of developing its mineral properties and had 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 are entirely dependent on the existence of economically recoverable resources in its mineral properties and the ability of the Company 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. Accounting policies

Basis of presentation

These consolidated interim financial statements have been prepared using Canadian generally accepted accounting principles ("Canadian GAAP") and include the accounts of Romarco Minerals Inc. and its wholly owned subsidiaries, Romarmex S.A. de C.V. and Exploraciones Santo Tomas S.A. de C.V., (companies incorporated under the laws of Mexico), Romarco Minerals US Inc., and Haile Gold Mine Inc. All significant inter-company transactions are eliminated upon consolidation. They do not include all the disclosures as required for annual financial statements under generally accepted accounting principles. These interim consolidated financial statements should be read in conjunction with the Company's 2008 audited annual consolidated financial statements.

Change in functional and reporting currency:

Effective January 1, 2009, the Company adopted the US dollar as its functional and reporting currency, as significant portions of the Company's assets, liabilities and expenses are denominated in US dollars. Prior to January 1, 2009, the Company's operations were measured in Canadian dollars and the consolidated financial statements were expressed in Canadian dollars.

The Company followed the recommendations of the Emerging Issues Committee (EIC) of the Canadian Institute of Chartered Accountants (CICA), set out in EIC-130, "Translation method when the reporting currency differs from measurement currency or there is a change in the reporting currency." In accordance with EIC-130 the consolidated comparative financial statements for all years and periods presented have been translated into the new reporting currency using the current rate method. Under this method, assets and liabilities were translated into US dollars using the exchange rate in effect on that date. Revenues, expenses, equity and cash flows were translated at historical average rates. Any exchange differences resulting from the translation were included in the statement of other comprehensive income. Consolidated Financial statements presented after December 31, 2008 have been measured and presented in US dollars.

In addition, the accounting policies followed by the Company are set out in note 2 of the audited consolidated financial statements for the year ended December 31, 2008 and have been followed in the preparation of these interim consolidated financial statements, with the exception of the new accounting policies adopted in the period as outlined below.

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Section 3064, Goodwill and Intangible Assets

In February 2008, the CICA issued Handbook Section 3064 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 adoption of this standard did not have any impact on the Company's financial statements.

EIC 173: Credit risk and the fair value of financial assets and financial liabilities

Effective on or after January 20, 2009, this section considers whether an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments, for presentation and disclosure purposes. The adoption of this standard did not have any material effect on the Company's financial statements.

EIC 174: Mining exploration costs

This section applies to financial statements issued after March 27, 2009, EIC 174 considers the issues of (i) when exploration costs related to mining properties may be capitalized, and (ii) if exploration costs are initially capitalized, when should impairment be assessed to determine whether a write down is required, and what conditions indicate impairment. Currently, the Company assesses the impairment of long-lived assets, which consist of mineral property interests and equipment, whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of assets to be held and used are measured by a comparison of the carrying value of the asset to future undiscounted net cash flows expected to be generated by the asset. Where estimates of future cash flows are not available and where other conditions suggest impairment, management assesses whether the carrying value can be recovered on costs spent on the project itself. If such assets are considered to be impaired, the amount of the impairment is measured by the amount by which the carrying amount of the asset exceeds its fair value. As of June 30, 2009, the Company believes that no such event or change in circumstances has occurred which would have triggered impairment assessment on its mineral properties.

3. Financial instruments and related risks

The Company's financial instruments are exposed to certain financial risks, including currency risk, interest risk, and commodity risk.

Currency risk

The Company is exposed to financial risk related to foreign exchange rates. The Company operates in Canada, United States, and Mexico. As at June 30, 2009, the Company conducts the majority of its business in the United States and project development and exploration expenditures are expected to be paid in U.S. dollars. The Company equity is in Canadian dollars and expects that any future equity raised will be raised in Canadian dollars. A significant change in the currency exchange rates between the Canadian dollar and the US dollar could have an effect on the Company's results of operations, and the jurisdictions in which they will likely be made. At June 30, 2009, the company is exposed to currency risk through the following assets and liabilities denominated in CDN dollars:

<u>(CDN Dollars)</u>	<u>June 30, 2009</u>	<u>December 31, 2008</u>
Cash and cash equivalents	\$ 1,301,444	\$ 2,279,590
Other assets	128,067	43,579
Accounts payables and other liabilities	(163,012)	(91,030)

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Based on the above net exposures as at June 30, 2009, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the US dollar would result in an increase/decrease of approximately \$108,899 in the Company's net earnings.

Credit risk

Credit risk is the risk of unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Company's management based on the current, economic environment. The credit risk on short-term investments (presented as part of cash and cash equivalents) is limited since they are held at a large Canadian financial institution and are composed of financial instruments issued by a Canadian bank which mature daily. The Company has reclamation bonds totaling \$1,122,763 of which \$67,913 are held in government agencies. The remaining balance of \$1,054,850 relates to the Haile Gold Mine subsidiary in South Carolina and is held in multiple certificates of deposits (CDs) in various financial banks in South Carolina which are FDIC insured in entirety. The Company has no investments in asset-backed commercial paper.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined in note 12 in the unaudited interim consolidated financial statements. Accounts payables and accrued liabilities are due within the current operating period.

Interest rate risk

Interest rate risk is the risk that the fair value of 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 included in cash and cash equivalents is limited as these investments, although held for trading, roll over daily.

The risk that the Company will realize a loss as a result of a decline in the fair value of the reclamation bonds is limited because these bonds are held until maturity, have a fixed interest rate and may be renewed annually.

4. Mineral Property Interests

	Balance December 31, 2008	Expenditures for six months ended June 30, 2009	Balance June 30, 2009
Haile Gold Mine District			
Acquisition of Haile property	\$ 2,672,626	\$ —	\$ 2,672,626
Other land acquisition and holding costs	1,859,121	3,481,012	5,340,133
Exploration:			
Drilling	1,366,354	3,365,508	4,731,862
Geological and geochemistry	228,272	875,204	1,103,476

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	Balance December 31, 2008	Expenditures for six months ended June 30, 2009	Balance June 30, 2009
Permitting	42,988	61,997	104,985
Environmental	—	219,306	219,306
Feasibility	3,037,919	—	3,037,919
Site office and staff	1,200,956	979,193	2,180,149
Property maintenance	122,897	160,279	283,176
Project development	30,585	372,377	402,962
ARO adjustment	(3,817)	—	(3,817)
	10,557,901	9,514,876	20,072,777
Pinos Gold District, Mexico			
Acquisition, advance royalty and land holding costs	439,172	61,379	500,551
Exploration:			
Drilling	577,654	36,651	614,305
Data compilation	115,812	28,323	144,135
Geological and geochemistry	10,944	—	10,944
Assaying	94,258	2,203	96,461
Logistics, permitting and reporting	350,900	18,613	369,513
Other	50,348	23,891	74,239
	1,639,088	171,060	1,810,148
	\$ 12,196,989	\$ 9,685,936	\$ 21,882,925

Haile Gold Mine District, South Carolina, USA

Purchase of Additional Land

In January 2009, the Company entered into a purchase agreement with a private party for the sum of \$3 million for the assignment of two lease agreements, and the transfer of approximately 15 acres of land. Pursuant to the terms of the purchase agreement a payment of \$1.5 million net of fees was made upon signing and a promissory note in amount of \$1.5 million (the "Note") was issued to the private party which provides that the private party will collaterally assign its interest in the leases as security for the Note. The Note is payable February 2010 and no interest is payable or due on the Note.

In June 2009, the Company purchased land for \$475,696 after entering into a purchase agreement with a private party for the sum of \$474,570 plus incidentals of \$1,126, for the purchase of additional land. Pursuant to the terms of the purchase agreement the amount of \$319,096 net of fees, was paid to the private party while the remaining \$156,600 was set up as a promissory note ("the Note") to be paid May 2010 and there is no interest payable on the Note.

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Pinos Gold District, Mexico

In January 2009, the Company paid an advance minimum royalty payment of \$60,000 in accordance with the Pinos Property agreement with Mineral Apolo SA de CA.

Mineral Property Termination Fees

In late March 2009, pursuant to a termination agreement, with Carlin Gold Corporation, the owner of the Pine Grove property, the Company agreed to and paid the amount of \$243,893. Additional write down fees of \$23,769 were recorded in the second quarter.

Recoveries of Mineral Property Costs Write Downs

In the second quarter of 2009 the Company recovered \$82,649 in reclamation bonds previously written off in connection to mineral properties written down in 2008.

Furthermore, the Company recognized a recovery of \$32,605 after its determination that there were no more asset reclamation obligation in connection with two mineral properties written off in 2008.

5. Property, plant and equipment

	June 30, 2009		
	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 312,772	\$ 93,900	\$ 218,872
Office furniture and equipment	118,363	32,902	85,461
Field equipment	1,740,167	357,794	1,382,373
Vehicles	426,522	108,171	318,351
Buildings	403,840	15,357	388,483
	<u>\$ 3,001,664</u>	<u>\$ 608,124</u>	<u>\$ 2,393,540</u>

	December 31, 2008		
	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 155,144	\$ 54,362	\$ 100,782
Office furniture and equipment	108,965	23,164	85,801
Field equipment	1,077,641	179,478	898,163
Vehicles	268,753	66,898	201,855
Buildings	233,508	9,883	223,625
	<u>\$ 1,844,011</u>	<u>\$ 333,785</u>	<u>\$ 1,510,226</u>

ROMARCO MINERALS INC.

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Notes to Interim Consolidated Financial Statements (Unaudited)

For the six months ended June 30, 2009

Figures in US Dollars unless otherwise stated

6. Capital Stock

(a) Common shares:

	Number of shares	Amount
Authorized:		
Unlimited common shares		
Issued:		
As at December 31, 2007	120,905,611	\$ 34,446,663
Period adjustment	147	—
Issued for April 2008 private placement	27,580,246	4,678,697
Issued for July 2008 private placement	51,625,284	10,195,618
Fair market value of warrants from private placement	—	(2,073,307)
Share issue costs for private placements	—	(14,682)
Issued on exercise of warrants	513,600	120,088
Issued on exercise of stock options	350,000	89,994
As at December 31, 2008	200,974,888	47,443,071
Issued for Mineral Property	100,000	13,140
Issued for March 2009 brokered private placement	72,100,000	21,176,011
Fair market value of warrants from private placement	—	(3,519,813)
Share issue costs	—	(1,948,843)
Issued on exercise of warrants	190,000	39,055
Issued on exercise of stock options	550,000	193,595
As at June 30, 2009	273,914,888	\$ 63,396,216

The Company's primary market is the Toronto Stock Exchange (TSX Venture Exchange) and historically all share issuances have been denominated in CDN dollars, and all options granted and warrants denominated in CDN dollars.

In March 2009, the Company closed an underwritten private placement consisting of 72,100,000 units (the "Units") at a price of \$0.38 CDN per Unit, for aggregate gross proceeds of \$21,176,011 (\$27,398,000 CDN). Each Unit was comprised of one common share in the capital of the Company and one-half of one Common Share purchase warrant (a "Warrant"). Each whole Warrant entitles the holder thereof to purchase one Common Share at an exercise price of \$0.60 CDN per Common Share until March 3, 2011.

The underwriters received a cash commission of 6% of the gross proceeds raised in the private placement. The Underwriters also received compensation options (the "Compensation Options") to purchase an aggregate of 4,326,000 Units, or 6% of the total Units issued. Each Compensation Option will entitle the Underwriters to purchase one Unit of the Company at the exercise price of \$0.38 CDN until March 3, 2011. Each Unit is comprised of one common share in the capital of the Company and one-half of one Warrant. Each whole Warrant will entitle the holder thereof to purchase one Common Share at an exercise price of \$0.60 CDN per Common Share until March 3, 2011. (note 6 (e)).

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Notes to Interim Consolidated Financial Statements (Unaudited)

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(b) **Warrants:**

The following warrants to purchase common shares of the Company were outstanding at June 30, 2009:

	Number	Average exercise price (CDN \$)	Value assigned
As at December 31, 2007	46,748,380	\$ 0.29	\$ 2,295,976
Issued for April 2008 private placement	27,580,246	0.21	1,244,822
Issued for July 2008 private placement	25,812,642	0.25	828,484
Warrants expired	(46,234,780)	0.30	(2,478,909)
Warrants exercised	(513,600)	0.19	(27,537)
Share issue costs	—	—	(4,811)
As at December 31, 2008	53,392,888	\$ 0.23	\$ 1,858,025
Issued for March 2009 brokered private placement	36,050,000	0.60	3,519,813
Share issue costs	—	—	(388,499)
Warrants exercised	(190,000)	0.21	(6,983)
As at June 30, 2009	89,252,888	\$ 0.53	\$ 4,982,356

The following warrants to purchase common shares of the Company were outstanding at June 30, 2009:

Expiry date	Number	Average exercise price (CDN \$)
July 25, 2009	25,812,642	\$ 0.25
April 1, 2010	27,390,246	0.21
March 3, 2011	36,050,000	0.60
Outstanding as at June 30, 2009	89,252,888	

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(c) **Stock options:**

The following stock options to purchase common shares of the Company were authorized and outstanding at June 30, 2009:

	Number	Average exercise price (CDN \$)	Value assigned
Outstanding as at December 31, 2007	7,015,000	\$ 0.26	\$ 937,535
Issued	4,350,000	0.17	490,635
Expired	(1,300,000)	0.22	(174,437)
Forfeited – vested	(168,750)	0.28	(26,093)
Forfeited - non-vested	(106,250)	0.28	(16,183)
Exercised	(350,000)	0.15	(38,358)
Outstanding as at December 31, 2008	9,440,000	\$ 0.26	\$ 1,173,099
Stock compensation – Issued this period	3,650,000	0.64	559,392
Stock compensation – Issued prior periods	–	–	113,566
Forfeited – non-vested	(312,500)	0.35	(59,951)
Exercised	(550,000)	0.25	(77,714)
Outstanding as at June 30, 2009	12,227,500	\$ 0.34	\$ 1,708,392

Expiry date	Number of outstanding options	Exercise price (CDN \$)	Number of vested and exercisable options
September 12, 2009	200,000	0.175	200,000
September 12, 2009	37,500	0.650	37,500
January 18, 2010	465,000	0.250	465,000
January 31, 2010	50,000	0.250	50,000
March 31, 2010	100,000	0.170	50,000
March 31, 2010	300,000	0.180	225,000
March 31, 2010	200,000	0.195	150,000
March 31, 2010	250,000	0.650	62,500
October 24, 2010	100,000	0.140	100,000
April 26, 2011	400,000	0.285	400,000
December 13, 2011	150,000	0.190	150,000
January 2, 2012	100,000	0.300	100,000
February 8, 2012	1,575,000	0.270	1,575,000
February 23, 2012	350,000	0.240	350,000
April 27, 2012	50,000	0.230	50,000
August 7, 2012	1,225,000	0.285	1,225,000
October 16, 2012	100,000	0.240	100,000
November 14, 2012	50,000	0.250	50,000
May 4, 2013	100,000	0.195	75,000

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Expiry date	Number of outstanding options	Exercise price (CDN \$)	Number of vested and exercisable options
July 22, 2013	3,125,000	0.170	1,550,000
November 30, 2013	50,000	0.135	25,000
January 4, 2014	100,000	0.205	25,000
April 6, 2014	2,600,000	0.650	650,000
May 11, 2014	500,000	0.570	125,000
June 1, 2014	50,000	0.780	12,500
Outstanding, as at June 30, 2009	12,227,500	\$ 0.339	7,802,500

(d) **Stock based compensation:**

During the six months ended June 30, 2009, the Company recognized stock based compensation of \$672,958 (\$559,392 and \$113,566 for options issued in 2009 and options issued in prior years, respectively). Forfeited options valued at \$59,951 reduced the \$672,958 to \$613,007. Of the \$613,007, the amount of \$550,651 (2008 - \$152,254) was expensed during the six months and \$62,356 (2008 - \$37,284) was capitalized to mineral properties.

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

	Six months ended June 30, 2009
Expected option lives	5 years
Risk-free interest rate	1.64 – 2.09%
Dividend yield	nil
Volatility	90 - 94%
Weighted average fair value	\$ 0.14 - 0.58

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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(e) Compensation options:

In connection with the private placement closed in March 2009, the Company granted to the Underwriters 4,326,000 Compensation options (note 6 (a)). The estimated fair value assigned to the Compensation options was \$904,132.

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

	2009
Expected option lives	2 years
Risk-free interest rate	1.58%
Dividend yield	nil
Volatility	96.1%
Weighted average fair value	\$ 0.15 - 0.19

7. Asset retirement obligation

	6 month period ended June 30, 2009	Year ended December 31, 2008
Asset retirement obligation - Beginning of period	\$ 1,277,067	\$ 2,170,394
Foreign exchange translation	—	(356,408)
Settlement of obligations during the period	(192,401)	(486,429)
Gain on reclamation costs incurred	(57,389)	(125,855)
Write off of ARO for property previously written down	(32,605)	
Accretion expense	34,424	75,365
Asset retirement obligation - End of period	\$ 1,029,096	\$ 1,277,067
Less: Current portion	\$ (621,546)	\$ (762,468)
Long-term portion	407,550	514,599

At June 30, 2009, the total estimated undiscounted cash flows required to settle the asset retirement obligations of Haile Gold Mine are \$1,160,572. These expenditures are expected to be incurred over the period to 2015. In determining the carrying value of the asset retirement obligation, the Company has assumed a credit-adjusted risk free rate of 4.5% and a long term inflation rate of 3%.

The ARO write off during the period is related to mineral properties written down in 2008.

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8. Related party transactions

Amounts paid to related parties in the normal course of business are measured at the exchange amount which is the fair value consideration established and agreed to by the related parties, is as follows:

	For the period ended June 30, 2009	For the period ended June 30, 2008
Consulting fees paid to directors	30,000	21,734
Legal fees paid to corporate secretary's law firm	90,006	28,631
	\$ 120,006	\$ 50,365

9. 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.

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

	Canada	United States	Mexico	Total
Assets at June 30, 2009	\$ 13,582,311	\$ 24,491,498	\$ 2,241,104	\$ 40,314,913
Interest income	\$ 36,693	\$ 16,447	\$ –	\$ 53,140
General and administrative expenses	(1,309,232)	(1,617,815)	(3,437)	(2,930,484)
Other income	206,586	82,184	54,859	343,629
Net income (loss) for the six months ended June 30, 2009	\$ (1,065,953)	\$ (1,519,184)	\$ 51,422	\$ (2,533,715)

	Canada	United States	Mexico	Total
Assets at December 31, 2008	\$ 2,260,922	\$ 15,500,960	\$ 1,857,120	\$ 19,619,002
Interest income	\$ 44,217	\$ 72,863	\$ –	\$ 117,080
General and administrative expenses	(820,509)	(771,828)	(3,598)	(1,595,935)
Other income (expenses)	(135,771)	51,422	(41,431)	(125,780)
Net loss for the six months ended June 30, 2008	\$ (912,063)	\$ (647,543)	\$ (45,029)	\$ (1,604,635)

The United States figures presented above primarily represent the results of the Haile Gold Mine operations located in South Carolina.

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10. Non-cash working capital

	June 30, 2009	June 30, 2008
Accounts receivable	\$ 25,330	\$ 12,134
Prepaid expenses	(151,766)	(76,638)
Other assets	(10,844)	(26,704)
Accounts payable and accrued liabilities	206,202	417,533
	\$ 68,922	\$ 326,325

Cash for the period ended June 30, 2009 was \$982,102 and short term liquid investments totaled \$13,511,432. The short term liquid investments are held in a senior Canadian chartered bank and consists of money market and treasury bill funds with short maturity dates.

11. Commitments and Contingency

Commitments

The following is a summary of the Company's contractual obligations and commitments as at June 30, 2009:

	<u>Payments due by period</u>			
	Total	2009	2010-2011	2012 and beyond
Office operation leases - CDN\$	32,140	13,328	12,542	6,270
Office operation leases - US\$	299,923	77,441	206,724	15,758

Contingency

In April 2008, the former CFO of Romarco Minerals Inc. commenced action in the British Columbia Supreme court against Romarco Minerals Inc. seeking wrongful dismissal damages from the termination of his employment. The total amount of the claim has not been determined at this time. Management believes that the claim is without merit and intends to vigorously defend it. No amounts related to this have been recorded in the financial statements.

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12. Management of capital risk

The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and maximize shareholder returns. The Company seeks to satisfy its capital requirements through careful management of its cash resources and by utilizing bank indebtedness or equity issues, as necessary, based on the prevalent economic conditions of both the industry and the capital markets and the underlying risk characteristics of the related assets. Although the Company has no bank debt as of June 30, 2009 it has two promissory notes totaling \$1,656,600 related to land leases around its Haile property.

Romarco is currently developing its properties in the United States and Mexico, and based on current plans and estimates, management believes that the Company's working capital position should be sufficient to satisfy the related financial costs.

The Company is not subject to any externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the six months ended June 30, 2009.

13. Subsequent events

Pinos Property Payment

In July 2009, the Company paid an advance minimum royalty payment of \$60,000 in accordance with the

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Pinos Property agreement with Mineral Apolo SA de CA.

Exercise of Warrants

- In July 2009 all 25,812,642 warrants exercisable at CDN \$0.25, which were set to expire July 25, 2009, were exercised. The gross proceeds received from the exercise was \$5,281,770 (CDN\$ 6,453,161).
- In August 2009, 70,000 warrants were exercised for gross proceeds of CDN \$18,600

Options Activity

- In July and August, 687,500 options were exercised for gross proceeds of CDN \$141,875
- During July and August 350,000 options were granted at an average exercise price of \$CDN \$0.81 per option,
- 125,000 options were cancelled during the month of August 2009

Bought Deal Financing

On August 13, 2009 the Company closed its previously announced bought deal financing (the "Offering"). The Offering consisted of 52,325,000 common shares at a price of CDN \$0.88 per common share, for aggregate gross proceeds of \$42,430,888 (CDN\$ 46,046,000). The Underwriters of the bought deal received as commission 3,139,500 (6% of the Offering) compensation options. Each compensation option entitles the Underwriters to purchase one common share of the Company at the offering price for a period of twenty four months following the close of the Offering.