

**NORTEC MINERALS CORP.**

*(Formerly Nortec Ventures Corp.)*

*(An Exploration Stage Company)*

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**Nine Months Ended September 30, 2010**

**Expressed in Canadian Funds**

**(Unaudited – Prepared by Management)**

**NOTICE**

The accompanying unaudited consolidated financial statements of Nortec Minerals Corp. for the nine month period ended September 30, 2010 have been prepared by management and have not been the subject of a review by the Company's independent auditor.

## Nortec Minerals Corp.

(Formerly Nortec Ventures Corp.)

(An Exploration Stage Company)

### Interim Consolidated Balance Sheets

(Unaudited)

Canadian Funds

	September 30, 2010 (Unaudited)	December 31, 2009 (Audited)
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 145,799	\$ 23,399
Bonds and deposits (Note 5)	4,450	4,583
Term deposit (Note 5)	36,822	32,618
Accounts receivable	13,510	259,826
Subscriptions receivable	-	11,000
Prepaid expenses	20,680	16,204
	<b>221,261</b>	<b>347,630</b>
Equipment (Note 6)	73,097	84,477
Mineral Interests (Note 7)	9,283,867	8,678,935
	<b>\$ 9,578,225</b>	<b>\$ 9,111,042</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 60,283	\$ 511,871
Subscriptions payable	-	11,000
Due to related parties (Note 9)	11,250	99,750
	<b>71,533</b>	<b>622,621</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share Capital (Note 8)	13,265,854	12,361,456
Contributed Surplus Options (Note 8)	2,070,351	1,890,022
Contributed Surplus Warrants (Note 8)	2,580,016	1,574,018
Deficit (See Interim Consolidated Statements of (Income) Loss and Comprehensive (Income) Loss and Deficit)	<b>(8,409,529)</b>	<b>(7,337,075)</b>
	<b>9,406,692</b>	<b>8,488,421</b>
	<b>\$ 9,578,225</b>	<b>\$ 9,111,042</b>

### Nature of Operations and Going Concern (Note 1)

ON BEHALF OF THE BOARD:

**"Mohan R. Vulimiri"**

Mohan R. Vulimiri, Director

**"Balraj Mann"**

Balraj Mann, Director

## Nortec Minerals Corp.

(Formerly Nortec Ventures Corp.)

(An Exploration Stage Company)

### Interim Consolidated Statements of (Income)

### Loss and Comprehensive (Income) Loss and Deficit

For the nine month period ended September 30, 2010

(Unaudited)

Canadian Funds

	Three Months ended September 30, 2010	Three Months ended September 30, 2009	Nine Months ended September 30, 2010	Nine Months ended September 30, 2009
<b>General and Administrative Expenses;</b>				
Wages and salary expenses	\$ 119,797	\$ 125,247	\$ 402,404	\$ 383,324
Stock based compensation expense	9,478	154,387	199,772	368,636
Advertising & promotion	27,698	22,581	184,579	81,965
Property research and analysis	19,936	26,486	59,348	193,323
Office rental & storage	16,818	18,850	55,632	57,103
Management consulting fees	28,250	-	59,750	95,117
Depreciation expense	6,145	6,145	18,435	18,183
Office services and expenses	7,291	3,042	18,429	19,357
Regulatory compliance	9,066	2,201	19,312	16,229
Insurance	3,750	3,999	13,620	13,203
Shareholder information	2,604	(3,211)	12,097	3,341
Legal fees	(9,233)	5,768	173	19,217
Telecommunications	2,634	3,049	8,738	8,358
Transfer agent fees	4,200	1,718	7,818	12,184
Accounting and Audit	3,200	-	4,698	-
Training courses	-	-	-	2,550
Consulting fees	-	48,000	-	98,500
	<b>251,634</b>	<b>418,262</b>	<b>1,064,805</b>	<b>1,390,590</b>
<b>(Income) and other expenses</b>				
Foreign exchange (gain) loss	(1,152)	219	7,801	(2,131)
Interest income	-	(18)	(152)	(3,055)
Write-off Acquisition Costs (Note 11)	-	-	-	916,803
<b>Loss Before Income Taxes</b>	<b>250,482</b>	<b>418,463</b>	<b>1,072,454</b>	<b>2,302,307</b>
<b>Deficit – Beginning of Period</b>	<b>8,159,047</b>	<b>6,306,087</b>	<b>7,337,075</b>	<b>4,422,343</b>
<b>Deficit – End of Period</b>	<b>\$ 8,409,529</b>	<b>\$ 6,724,550</b>	<b>\$ 8,409,529</b>	<b>\$ 6,724,550</b>
<b>Loss per share – Basic and diluted</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.01</b>	<b>\$ 0.03</b>
<b>Weighted average number of common shares outstanding</b>	<b>118,620,330</b>	<b>90,237,434</b>	<b>112,523,152</b>	<b>87,569,262</b>

- See Accompanying Notes -

**Nortec Minerals Corp.**

(Formerly Nortec Ventures Corp.)

*(An Exploration Stage Company)***Interim Consolidated Statements of Cash Flows****For the nine month period ended September 30, 2010****(Unaudited)***Canadian Funds*

	<b>Three Months ended September 30, 2010</b>	Three Months ended September 30, 2009	<b>Nine Months ended September 30, 2010</b>	Nine Months ended September 30, 2009
<b>Cash Resources Provided By (Used In);</b>				
<b>Operating Activities</b>				
Net loss for the period	\$ (274,606)	\$ (418,463)	\$ (1,072,454)	\$ (2,302,207)
<b>Items not affecting cash:</b>				
Stock based compensation	9,478	154,387	199,772	368,636
Amortization	6,620	6,145	19,883	18,183
<b>Changes in non-cash working capital:</b>				
Accounts receivable	21,658	3,301	246,316	145,695
Bonds and deposits	(371)	-	(4,071)	-
Prepaid expenses	10,447	5,580	(4,476)	(12,861)
Accounts payable and accrued liabilities	(349,337)	205,123	(451,588)	48,125
Due to related parties	(126,563)	(103,613)	(88,500)	255,000
	<b>(678,550)</b>	<b>(147,540)</b>	<b>(1,155,118)</b>	<b>(1,479,429)</b>
<b>Investing Activities</b>				
Mineral interests expenditures	(247,658)	(97,465)	(580,808)	(816,480)
Purchase of equipment	-	-	(8,502)	(5,281)
Short term investment	-	-	-	400,000
	<b>(247,658)</b>	<b>(97,465)</b>	<b>(589,310)</b>	<b>(421,761)</b>
<b>Financing Activities</b>				
Issuance of share capital , net	1,050,939	7,500	1,866,828	-
Shares issued for mineral properties	-	-	-	1,885,899
	<b>1,050,939</b>	<b>7,500</b>	<b>1,866,828</b>	<b>1,885,899</b>
<b>Net Increase in Cash</b>	<b>124,731</b>	<b>(237,505)</b>	<b>122,400</b>	<b>(15,291)</b>
Cash position – Beginning of Period	21,068	272,162	23,399	49,948
<b>Cash position – End of Period</b>	<b>\$ 145,799</b>	<b>\$ 34,657</b>	<b>\$ 145,799</b>	<b>\$ 34,657</b>

- See Accompanying Notes -

**Nortec Minerals Corp.**

(Formerly Nortec Ventures Corp.)

(An Exploration Stage Company)

**Notes to Interim Consolidated Financial Statements****September 30, 2010 and 2009**

Unaudited – Prepared by Management

Canadian Funds

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**1. Nature of Operations and Going Concern**

Nortec Minerals Corp. (the “Company”) is an exploration stage company incorporated in the province of British Columbia and is engaged in the acquisition and exploration of mineral properties. On January 7, 2010 the Company changed its name from Nortec Ventures Corp. to Nortec Minerals Corp.

**Going Concern**

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

While the Company’s consolidated financial statements have been prepared using Canadian Generally Accepted Accounting Principles (“GAAP”) applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due, certain conditions and events cast significant doubt on the validity of this assumption. For the nine month period ended September 30, 2010, the Company reported a loss of \$1,072,454 and as at that date had an accumulated deficit of \$8,409,529. As of September 30, 2010, the Company has working capital of \$149,728. The Company’s ability to continue as a going concern is dependent upon its ability to obtain additional funding from loans or equity financings, option agreements, or through other arrangements. However, there can be no assurance that these activities will be successful.

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

**2. Basis of Consolidation**

These interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries Nortec Ecuador S.A. (“NESA”) and Nortec Minerals Oy (“NMO”). NESA was incorporated in June 2006 as Minera Nortec Ecuador S.A, and on October 10, 2007 it changed its name to Nortec Ecuador S.A. NMO was incorporated in Finland on September 30, 2009. All inter-company transactions and balances are eliminated upon consolidation.

In the opinion of management of the Company, all adjustments considered necessary for fair presentation has been included in these unaudited interim consolidated financial statements.

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**Notes to Interim Consolidated Financial Statements**

**September 30, 2010 and 2009**

Unaudited – Prepared by Management

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**3. Significant Accounting Policies**

**a) Basis of Presentation**

The accompanying unaudited interim consolidated financial statements are prepared by management in accordance with GAAP in Canada with respect to the preparation of interim financial statements. Accordingly, they do not include all the information and disclosures required by Canadian GAAP in preparation of annual audited financial statements. The accounting policies used in the preparation of the accompanying unaudited interim financial statements is the same as those described in the annual audited financial statements for the year ended December 31, 2009.

**b) Management Estimates and Measurement Uncertainty**

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reported periods. Significant estimates include the basis of impairment of mineral properties and future income taxes. Actual results could differ from those estimates.

**c) Cash and Cash Equivalents**

The Company considers cash and cash equivalents to include amounts held in banks and highly liquid investments with remaining maturities at point of purchase of 90 days or less.

**d) Mineral Interests**

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

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

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

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history, characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its mineral properties are in good standing.

**3. Significant Accounting Policies - continued**

d) **Mineral Interests - continued**

The Company performs impairment tests on its mineral interests when events or circumstances occur which indicate the assets may not be recoverable.

Where information is available and conditions suggest impairment, estimated future net cash flows for each mineral interest are calculated using estimated future prices, proven and probable reserves and resources, and operating, capital and reclamation costs on an undiscounted basis. When estimated future cash flows are less than the carrying value, the mineral interest is considered impaired. Reductions in the carrying value of each mineral interest are recorded to the extent the carrying value exceeds the discounted estimated future cash flows. Where estimates of future net cash flows are not available and where conditions suggest impairment, management assesses whether the carrying value can be recovered.

e) **Equipment**

Equipment is recorded at cost less accumulated amortization. The Company provides for amortization on its equipment on a straight line basis, using the following estimated lives:

Computer hardware	3 years
Computer software	7 years
Vehicles	5 years
Furniture	5 years
Exploration equipment	4 years

f) **Property Option Agreements**

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

g) **Asset Retirement Obligations**

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

**3. Significant Accounting Policies - continued**

**h) Income Taxes**

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

**i) Financial Instruments**

Under the Canadian Institute of Chartered Accountants (“CICA”) Handbook Section 3855, Financial Instruments - Recognition and Measurement, all financial instruments are classified into one of the following five categories: held for trading financial instruments, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. Held for trading financial instruments are measured at fair value (or marked to market) and all gains and losses are included in the reported earnings or loss for the period in which they arise. Available-for-sale financial instruments are measured at fair value (or marked to market) with revaluation gains and losses excluded from reported earnings or loss and included in accumulated other comprehensive income until the instruments are derecognized or impaired. Loans and receivables, investments and other financial liabilities are measured at amortized cost using the effective interest method.

The Company’s financial instruments have been classified as follows:

<b>Instrument</b>	<b>Classification</b>
Cash and cash equivalents	Held for trading
Short term investments	Available for sale
Bonds and deposits	Available for sale
Term deposit	Available for sale
Accounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Due to related parties	Other financial liabilities

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when the risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value, with changes in fair value recognized in earnings or loss for the period. Any derivatives are recorded on the balance sheet at fair value. Mark-to-market adjustments on these instruments are included in earnings or loss for the period. The company does not have any material derivative financial instruments or embedded derivatives at September 30, 2010 or 2009.

Transaction costs incurred to acquire or issue financial instruments are included in the underlying balance.

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**3. Significant Accounting Policies - continued**

**j) Loss per Share**

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

**k) Share Capital**

(i) The proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company.

(ii) Share capital issued for non-monetary consideration is recorded at an amount based on fair market value.

(iii) The proceeds from the issue of units is allocated between common shares and common share purchase warrants on a pro-rata basis on relative fair values as follows: the fair value of common shares is based on the market close on the date the units are issued; and the fair value of the common share purchase warrants is determined using the Black-Scholes pricing model.

(iv) All costs related to issuances of share capital are charged against the proceeds received from related share capital.

**l) Flow-through shares**

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

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

### 3. Significant Accounting Policies – *continued*

#### m) Translation of Foreign Currencies

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

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

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

#### n) Stock Based Compensation

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

#### o) Recent Accounting Pronouncements

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

These new sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Company is currently evaluating the impact of this change on its consolidated financial statements..

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*(An Exploration Stage Company)***Notes to Interim Consolidated Financial Statements****September 30, 2010 and 2009**

Unaudited – Prepared by Management

*Canadian Funds***3. Significant Accounting Policies - continued****o) Recent Accounting Pronouncements - continued**

**International Financial Reporting Standards (“IFRS”)** - In 2008, the Canadian Accounting Standards Board confirmed that the transition to IFRS from Canadian GAAP will be effective for fiscal years beginning on or after January 1, 2011 for publicly accountable enterprises. The Company will therefore be required to present IFRS financial statements for its March 31, 2011 interim financial statements. The effective date will require the restatement for comparative purposes of amounts reported by the Company for the interim periods and for the year ending December 30, 2010. The Company is currently evaluating the impact of the conversion on the Company’s consolidated financial statements and is considering accounting policy choices available under IFRS.

**4. Financial Instruments**

Categories of Financial Instruments - The Company’s financial instruments are classified into one of the following five categories under Canadian GAAP; held-for-trading, held to maturity investments, loans and receivables, available-for-sale financial assets and other financial liabilities. As at September 30, 2010, the carrying value of the Company’s financial instruments approximates their fair value. Cash and cash equivalents and short term investments are recorded at fair value and the Company’s other financial instruments are recorded at amortized cost, which approximates fair value due to their short term nature. The Company’s financial instruments are classified into the following categories:

	September 30, 2010		December 31, 2009	
Held for trading (1)	\$	145,799	\$	23,399
Available for sale (2)	\$	41,272	\$	37,201
Loans and receivables (3)	\$	13,510	\$	270,826
Other financial liabilities (4)	\$	71,533	\$	622,621

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

(2) Includes MasterCard security deposits and a reclamation bond

(3) Includes accounts receivable

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

During 2009, Canadian Institute of Chartered Accounts (“CICA”) Handbook Section 3862, Financial Instruments – Disclosures, was amended to require disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

- (i) Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities;
- (ii) Level 2 – Inputs other than quoted prices that are observable for the asset or liability directly or indirectly; and
- (iii) Level 3 – Inputs that are not based on observable market data.

At September 30, 2010 and December 31, 2009, the Company’s financial instruments which are measured at fair value on a recurring basis were cash and cash equivalents. These financial instruments were classified as “Level 1” financial instruments.

The Company’s financial instruments are exposed to the following financial risks:

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**4. Financial Instruments - continued**

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to fulfil an obligation and cause the other party to incur a financial loss. The Company's credit risk consists primarily of cash and cash equivalents, short term investments and accounts receivable. The credit risk is minimized by placing cash and cash equivalents and investing short term investments with major Canadian financial institutions. The carrying amount of the financial assets is the maximum exposure to credit risks.

b) Currency Risk

The Company is exposed to foreign currency fluctuations to the extent accounts payable and accrued liabilities of the Company are not denominated in Canadian dollars. As at September 30, 2010, there were \$6,185 of liabilities (December 31, 2009 - \$281,231) denominated in Euros and \$Nil liabilities denominated in USD (December 31, 2009 - \$741). A 10% +/- change in the exchange rate between these currencies and the Canadian dollar results in \$618 increase/decrease in the Company's cost to settle these liabilities and reported foreign exchange gains or losses. Financial instruments that impact the Company's net earnings or other comprehensive income due to currency fluctuations include USD and Euro denominated cash accounts and Euros denominated accounts receivable. As at September 30, 2010 there were \$9,429 USD denominated cash accounts (December 31, 2009 \$6,972) and \$9,496 Euros denominated cash accounts (December 31, 2009 \$2,690) and \$4,743 Euros denominated accounts receivable (December 31, 2009 243,487). A 10% +/- change in the exchange rate between these currencies and the Canadian dollar results in \$2,366 increase/decrease in the Company's recoverable amount and reported foreign exchange gains or losses.

The following table summarizes the Company's foreign exchange exposure as at September 30, 2010;

	Euros in		USD in		Total	fx change
	CAD		CAD		CAD	10% +/-
Liabilities	\$	6,185	\$	0	\$ 6,185	\$ 619
Cash		9,496		9,429	18,925	1,892
Accounts Receivable		4,743		0	4,743	474
<b>Currency Risk</b>	\$	-	\$	-	\$ -	\$ 2,984

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. To mitigate this risk, the Company has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures.

The Company ensures that sufficient funds are raised from private placements to meet its operating requirements, after taking into account existing cash and cash equivalents, short term investments and expected exercise of stock options and share purchase warrants. Refer also to Going Concern in Note 1.

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**4. Financial Instruments - continued**

d) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the short-term investments is limited because these investments, although available for sale, are generally held to maturity.

**5. Short Term Investments, Reclamation Bond and Term Deposit**

a) Short Term Investments

As of September 30, 2010, the Company had no short term investments.

As of December 31, 2009, the Company had no short term investments.

b) Reclamation Bond

The Company has placed USD \$3,500 (CDN \$3,603) (December 31, 2009 – USD \$3,500 (CDN \$3,673)) in a term deposit which is held as a guarantee for the environmental clean-up of the Ganarin property in Ecuador.

c) Bonds and Deposits

The Company has a rent deposit of Euros €605 (CDN \$847) (December 31, 2009 –Euros €605 CDN \$910) which is held as a guarantee for rent payment on a storage facility in Finland.

d) Term Deposits

The Company has placed \$36,822 (December 31, 2009 - \$32,618) in term deposits. These term deposits currently bear interest at 0.1% per annum. Included are the Company's MasterCard guarantee \$32,618 (December 31, 2009 \$32,618); Nortec Minerals Oy MasterCard guarantee \$4,204 (December 31, 2009 - NIL). \$618 accrued interest is included in the Company's MasterCard guarantee.

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**6. Equipment**

	Cost		Accumulated Depreciation		September 30, 2010 Net Book Value
Vehicle	\$	14,575	\$	(9,041)	\$ 5,534
Computer equipment		92,717		(45,766)	46,951
Furniture		23,218		(9,661)	13,557
Exploration equipment		8,502		(1,447)	7,055
	\$	139,012	\$	(65,915)	\$ 73,097

	Cost		Accumulated Depreciation		December 31, 2009 Net Book Value
Vehicle	\$	14,575	\$	(9,041)	\$ 5,534
Computer equipment		92,718		(30,388)	62,330
Furniture		23,218		(6,605)	16,613
	\$	130,511	\$	(46,034)	\$ 84,477

**7. Mineral Interests**

The Company's capitalized property costs as at September 30, 2010 are as follows:

	TL Property Labrador	Ganarin Property Ecuador	Seinajoki Kaatiala Property Finland	LK Property* Finland	Tammela Property Finland	Total
Acquisition costs	\$ 220,723	\$ 91,394	\$ 180,914	\$ 1,625,695	\$ -	\$ 2,118,726
Exploration costs	2,523,556	1,324,631	240,792	3,027,982	48,180	7,165,141
<b>Total</b>	<b>\$ 2,744,279</b>	<b>\$ 1,416,025</b>	<b>\$ 421,706</b>	<b>\$ 4,653,677</b>	<b>\$ 48,180</b>	<b>\$ 9,283,867</b>

The Company's capitalized property costs as at December 31, 2009 are as follows;

	TL Property Labrador	Ganarin Property Ecuador	Seinajoki Kaatiala Property Finland	LK Property* Finland	Tammela Property Finland	Total
Acquisition costs	\$ 220,723	\$ 91,394	\$ 60,000	\$ 1,625,695	\$ -	\$ 1,997,812
Exploration costs	2,512,571	1,287,219	29,764	2,851,024	545	6,681,123
<b>Total</b>	<b>\$ 2,733,294</b>	<b>\$ 1,378,613</b>	<b>\$ 89,764</b>	<b>\$ 4,476,719</b>	<b>\$ 545</b>	<b>\$ 8,678,935</b>

\*Formerly known as the Kaukua Property.

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**7. Mineral Interests – continued**

**a) TL Property, Labrador**

As of March 17, 2009 the Company has earned a 51% interest in the TL Property by completing initial exploration work as per the option agreement. Dependent on the level of participation by the optionor the Company has the option to earn up to a 100% interest in the property by issuing an additional 400,000 common shares and incurring an additional \$10,000,000 in cumulative exploration expenditures over a ten year period, and granting a 2.5% net smelter return to the optionor.

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

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

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

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

**b) Ganarin Property, Ecuador**

On April 18, 2005 the Company entered into an option agreement to acquire a 49% undivided interest in the Ganarin Property consisting of the Ganarin mineral concession, located near the town of Santa Isabel, Southern Ecuador.

The Company, at its option, may earn a 49% interest by making cash payments, incur minimum exploration expenditures and issue common shares as follows:

	Option Payments	Shares	Exploration Expenditures US\$
TSX approval May 4, 2005 * **	\$ 25,000	100,000	\$ -
On or before May 4, 2006 * **	-	200,000	250,000
On or before May 4, 2011 ***	-	200,000	250,000
On or before may 4, 2011 ***	-	250,000	500,000
On or before May 4, 2011 ***	-	250,000	500,000
<b>Total</b>	<b>\$ 25,000</b>	<b>1,000,000</b>	<b>\$ 1,500,000</b>

\* \*\* Paid Issued

\*\*\* The Company and the optionor have agreed to extend the due date for the issuance of shares from 2007 to 2011. The optionor is currently undergoing restructuring prior to going public.

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**7. Mineral Interests – continued**

**b) Ganarin Property, Ecuador – continued**

This has delayed further extensions to share issuances the Company is currently negotiating with the optionor. All required exploration expenditures have been incurred before the due date.

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

Provided the above conditions are satisfied the Company may, at its option increase its interest to 51% by incurring additional expenditures of US\$1,000,000. In the event that the Company's interest dilutes below a 10% Joint Venture Interest, it shall automatically be converted to 1% Net Smelter Return.

On January 29, 2009, a new Mining Law was enacted which, together with the Regulations to the Mining Law signed by the President of Ecuador on November 4, 2009, establishes the new legal framework for mining in Ecuador. However, the terms and conditions of the Exploitation Agreements which will cover the final development and production phases of a mining project have yet to be developed, creating some uncertainty regarding the future of the mining industry in Ecuador.

To date, the Company has not identified any conditions that would result in a determination of a material impairment in the carrying value of the company's concessions.

**c) LK Property, Finland formally known as Kaukua Property, Finland**

The LK Property consists of the Kaukua platinum, palladium, gold property and the Haukiaho Palladium-Platinum-Gold-Copper-Nickel property in northern Finland.

On July 29, 2008, the Company entered into an option agreement to earn a 70% interest in the Kaukua platinum, palladium, gold property in northeastern Finland by making option payments of €190,000 (in cash or shares) and incurring initial exploration expenditures of €600,000 over three years from the date of the option agreement. In the event the Company completes the initial exploration expenditures before the second anniversary date of the option agreement, the second Annual Payment set forth under the table will not be payable.

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

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

On September 4, 2009 the Company acquired the remaining 30% interest in the Kaukua property. Subject to the TSX Venture Exchange approval the Company will obtain 100% ownership in the Kaukua property in exchange for outstanding VAT refund claims allowable on Kaukua exploration expenditures as at July 31, 2009 in the amount of \$269,076. The vendor will retain a 2% Net Smelter Royalty on any future production. In October 2009 the Company received approval from the TSX Venture Exchange and now owns 100% of the Kaukua Property.

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*Canadian Funds***7. Mineral Interests – continued****c) LK Property, Finland formally known as Kaukua Property, Finland – continued**

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

On December 1, 2009 the Company announced a change of name for the Kaukua Property to the LK Property.

The terms of the option agreement are as follows:

		Option Payments (Euros)		Exploration Expenditures (Euros)
Upon claim ownership confirmation	€	30,000	€	-
On or before July 26, 2008		-		150,000
On or before the 1 <sup>st</sup> anniversary date of the option agreement		60,000		-
On or before the 2 <sup>nd</sup> anniversary date of the option agreement		100,000		-
On or before the 3 <sup>rd</sup> anniversary date of the option agreement		-		450,000
<b>Total</b>	<b>€</b>	<b>190,000</b>	<b>€</b>	<b>600,000</b>

On October 15, 2009 the Company announced the 100% acquisition of the Haukiahio Palladium-Platinum-Gold-Copper-Nickel property in northern Finland in exchange for ten million common shares of the Company. On October 20, 2009 the TSX Venture Exchange approved this transaction. The transaction will be completed in two 'Closings'. The First Closing was completed on October 21, 2009 when the Company issued eight million common shares. The Company recorded this transaction at the share price of \$0.15 being the closing price of the Company's shares on October 21, 2009, for a total value of \$1,200,000. The Company will issue the remaining two million common shares upon completion of the registration of the remaining Haukiahio claims.

**d) Tammela Property, Finland**

On September 9, 2009 the Company announced that it has been granted two claim reservations by the Finland Ministry of Employment and the Economy for two lithium claim reservations in southwest Finland, known as Kietyonmaki Lithium Prospect and Hirvikallio Lithium Prospect collectively known as the Tammela Property. See Note 13 concerning this property.

**e) Seinajoki and Kaatilia Property, Finland**

On September 22, 2009 the Company announced that it had entered into a Memorandum of Understanding ("MOU") to acquire 100% interest in the Seinajoki gold property in south western Finland. Subject to proof of ownership of the exploration claims the Company will enter into an option agreement with the vendor.

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*Canadian Funds***7. Mineral Interests - continued****e) Seinajoki and Kaatilia Property, Finland – continued**

Subject to the TSX Venture Exchange approval, the terms of the option agreement are as follows:

		Option Payments (Euros)	Shares		Exploration Expenditures (Euros)
Within fifteen days of signing the MOU	€	10,000*	400,000*	€	-
On or before April 1, 2010		-	-		50,000
Upon claim ownership confirmation and signing of option agreement		20,000*	600,000*		-
On or before the 1 <sup>st</sup> anniversary date of the option agreement		30,000	900,000		-
On or before the 2 <sup>nd</sup> anniversary date of the option agreement		50,000	1,000,000		-
On or before the 3 <sup>rd</sup> anniversary date of the MOU		-	-		1,000,000
<b>Total</b>	<b>€</b>	<b>110,000</b>	<b>2,900,000</b>	<b>€</b>	<b>1,050,000</b>

\*Paid, Issued

The vendor will retain a 2% Net Smelter Royalty.

On October 13, 2009 the Company announced the acquisition of an additional 900 hectares of the Kaatiala Claim Reservation within the Seinajoki Rare Earth Metals Area Reservation. This acquisition will be included under the existing Memorandum of Understanding signed September 22, 2009 referred to above to earn a 100% interest in the Seinajoki property.

The TSX Venture Exchange approved, the terms of the Seinajoki Option Agreement on October 14, 2009.

On September 20, 2010 the Company announced that an option agreement dated September 15, 2010 to acquire 100% interest in the Seinajoki gold property and the Kaatiala rare earth property has been signed. The Company paid \$27,692 (€20,000) option payment and issued 600,000 common shares of the Company. This transaction was valued at the share price of \$0.13 being the closing price on September 20, 2010, for a total value \$78,000.

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**8. Shareholder's Equity**

At September 30, 2010 the Company's shareholder's equity consists of the following;

Authorized: Unlimited common shares without par value	Number of Shares	Share Capital	Contributed Surplus Options	Contributed Surplus Warrants
Balance – December 31, 2008	72,060,834	\$ 9,039,880	\$ 1,200,709	\$ 1,130,149
Private placement, net	20,272,400	2,050,299	-	-
Shares issued for mineral properties	8,800,000	1,300,000	-	-
Warrants exercised	2,500,000	375,000	-	(55,636)
Options exercised, net	150,000	27,646	(12,646)	-
Private placement warrants fair value (Note 8a)	-	(443,869)	-	499,505
Shares issued for A/P	113,600	12,500	-	-
Stock based compensation expense	-	-	701,959	-
<b>Balance – December 31, 2009</b>	<b>103,896,834</b>	<b>\$ 12,361,456</b>	<b>\$ 1,890,022</b>	<b>\$ 1,574,018</b>
2 <sup>nd</sup> tranche November 2009 private placement, (Note 8a2)	5,840,550	596,990	-	-
Fair value warrants 2 <sup>nd</sup> tranche November 2009 private placement	-	(224,310)	-	224,310
Fair value revision August 2008 warrants expiry date extension	-	(340,050)	-	340,050
Stock based compensation expense, net	-	43,568	180,329	-
Warrants exercised May 2010, net (Note 8b)	357,500	53,625	-	-
Private Placement May 2010	8,852,330	1,008,763	-	-
Options exercised May 2010	375,000	41,250	-	-
Private Placement July 2010	735,000	88,200	-	-
Fair value warrants May, July 2010 private placements	-	(441,638)	-	441,638
Shares issued for mineral properties	600,000	78,000	-	-
<b>Balance September 30, 2010</b>	<b>120,657,214</b>	<b>\$ 13,265,854</b>	<b>\$ 2,070,351</b>	<b>\$ 2,580,016</b>

**a) Share Issuance**

On April 16, 2009 the Company closed a non brokered private placement of 5,000,000 units at a price of \$0.10 per unit for gross proceeds of \$500,000. Each unit consisted of one common share of the Company and one-half common share purchase warrant. Each whole warrant can be exercised to acquire one additional share at an exercise price of \$0.15. These warrants were exercised on April 22, 2009 and the Company issued 2,500,000 common shares for gross proceeds of \$375,000.

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**8. Shareholder's Equity - continued**

**a) Share Issuance - continued**

On May 4, 2009 the Company closed a non brokered private placement of 10,000,000 units at a price of \$0.10 per unit for gross proceeds of \$1,000,000. Each unit consisted of one common share of the Company and one-half common share purchase warrant. Each whole warrant can be exercised to acquire one additional share at an exercise price of \$0.15. These warrants expire November 4, 2010. See Note 8 b) for change to expiry date.

On May 4, 2009 the Company issued common shares as fee shares in the amount of 201,600 shares at \$0.185 being the closing price on the date of issue.

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

On April 23, 2009 75,000 options were exercised at a price of \$0.10 per share for gross proceeds of \$7,500. On September 14, 2009 75,000 options were exercised at a price of \$0.10 per share for gross proceeds of \$7,500.

On October 14, 2009 the Company issued 400,000 common shares as part of its acquisition costs for the Seinajoki Property. These shares were valued at \$0.15 per share being the closing price of the Company's shares on the date of issue; value \$60,000.

On October 21, 2009 the Company issued 8,000,000 common shares to complete the first of two closings for the acquisition of the Haukiahö Property in northern Finland. These shares were valued at \$0.15 per share being the closing price of the Company's shares on the date of issue; value \$1,200,000. The Company will issue an additional two million common shares upon completion of the transfer, conveyance, assignment of rights and titles to complete the second and final closing.

On November 5, 2009 the TSX Venture Exchange approved a shares for debt swap with a related party. The Company issued 113,600 common shares at \$0.11 per common share being the closing price on the date of issue in exchange for amount owed of \$12,500.

On November 11, 2009 the Company closed a non-brokered private placement for a minimum 10,000,000 units at a price of \$0.11 per unit. This private placement was completed in two tranches;

1. On December 14, 2009 the Company completed the first tranche of the November 11, 2009 private placement by issuing 5,040,000 units at a price of \$0.11 per unit for total proceeds of \$554,400. Fee shares were issued in the amount of 30,800 at a price of \$0.11 for a total cost of \$3,388. Each unit consists of one common share of the Company and one full warrant. Each warrant will be exercisable to acquire one additional common share of the Company at an exercise price of \$0.20 for a period of eighteen months. The expiry date for the warrants is June 15, 2011.

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**8. Shareholder's Equity - continued**

**a) Share Issuance – continued**

2. On January 15, 2010 the Company completed the second tranche of the November 11, 2009 private placement by issuing 5,465,000 units at a price of \$0.11 per unit for total net proceeds of \$596,990. Each unit consists of one common share of the Company and one full warrant. Each warrant will be exercisable to acquire one additional common share of the Company at an exercise price of \$0.20 for a period of eighteen months. The expiry date for the warrants is June 15, 2011. In addition the company issued 375,550 commission units. Each commission unit consists of one common share of the Company and one full warrant. Each warrant will be exercisable to acquire one additional common share of the Company at an exercise price of \$0.20 for a period of eighteen months. The expiry date for the warrants is June 15, 2011.

On September 21, 2010 the Company issued 600,000 common shares upon signing of the option agreement for the Seinajoki property. These shares were valued at \$0.13 per share being the closing price of the Company's shares on the date of issue; value \$78,000.

On May 31, 2010 the Company announced a non-brokered private placement for a maximum 8,941,500 units at a price of \$0.12 per unit. Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant will be exercisable to acquire one additional common share of the Company at an exercise price of \$0.20. The expiry dates for the warrants is July 7, 2012. During the second and third quarters of this year the Company issued 8,463,375 units at for total proceeds of \$1,014,939. The Company issued 388,955 units as fee units at \$0.12 being the closing price on the date of issue.

Between May 6 – 26, 2010 357,500 warrants attached to the May 2009 private placement were exercised at a price of \$0.15 for total proceeds of \$53,625.

On May 31, 2010 375,000 options were exercised at a price of \$0.11 for total proceeds of \$41,250.

On August 5, 2010 the Company completed a non-brokered private placement for 735,000 units at a price of \$0.12 per unit for total gross proceeds of \$88,200. Each unit consisted of one common share and one common share purchase warrant. Each warrant will be exercisable to acquire one common share of the Company at an exercise price of \$0.20 per share. The expiry date is August 6, 2012.

The Company recorded \$224,311 fair value for the 5,465,000 warrants issued on January 15, 2010 which was charged to contributed surplus with the offsetting amount reducing share capital.

On January 29, 2010 the Company extended the expiry date on warrants expiring February 14 and March 14, 2010 to August 14 and September 5, 2013. The Company recorded an additional \$340,050 fair value charge to contributed surplus with offsetting amount reducing share capital.

The Company recorded \$441,638 fair value for the 9,676,500 warrants issued in July 2010 which was charged to contributed surplus with the offsetting amount reducing share capital.

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**8. Shareholder's Equity – continued**

a) **Share Issuance – continued**

The Black-Scholes pricing model was used to calculate these fair values using the following assumptions;

	2010
Risk-free interest rate	0.50% - 2.77%
Expected life of options	1.5 - 5 years
Annualized volatility	133.51% – 144.50%
Dividend Rate	0.00%

b) **Share Purchase Warrants**

As at September 30, 2010 the following share purchase warrants were outstanding:

December 31, 2009	Issued in the period	Exercised in the period	Expired in the period	September 30, 2010	Price	Expiry Date
3,500,000	-	-	-	3,500,000	\$0.45	August 14, 2013 *
39,750	-	-	39,750	-	-	February 14, 2010
1,427,592	-	-	-	1,427,592	\$0.45	August 14, 2013 *
572,408	-	-	-	572,408	\$0.45	September 5, 2013*
5,100,800	-	357,500	4,743,300	-	\$0.15	May 26, 2010
5,070,800	-	-	-	5,070,800	\$0.15	June 15, 2011
-	5,840,550	-	-	5,840,550	\$0.20	June 15, 2011
-	8,852,330	-	-	8,852,330	\$0.20	July 7, 2012
-	735,000	-	-	735,000	\$0.20	August 6, 2012
<b>15,711,350</b>	<b>15,427,880</b>	<b>357,500</b>	<b>4,783,050</b>	<b>25,998,680</b>	<b>\$0.25</b>	

During the second quarter 2010 357,500 warrants attached to the May 2009 private placement were exercised at a price of \$0.15 for total proceeds of \$53,625.

\*Expiry Date changes;

Private Placement	Warrants	Original Expiry	Revised Expiry	TSX Venture Approval
August 14, 2008	3,500,000	February 14, 2010	August 14, 2013	January 29, 2010
August 14, 2008	1,427,592	February 14, 2010	August 14, 2013	January 29, 2010
August 14, 2008	572,408	March 14, 2010	September 5, 2013	January 29, 2010
May 4, 2009	5,100,800	November 4, 2010	May 26, 2010	May 4, 2009

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**8. Shareholder's Equity – continued**

**b) Share Purchase Warrants - continued**

As at December 31, 2009 the following share purchase warrants were outstanding:

December 31, 2008	Issued in the year	Exercised in the year	Expired in the year	December 31, 2009	Price	Expiry Date
1,720,000	-	-	1,720,000	-	\$0.45	June 7, 2009
2,000,000	-	-	2,000,000	-	\$0.45	July 4, 2009
3,539,750	-	-	-	3,539,750	\$0.45	August 14, 2013
-	2,500,000	2,500,000	-	-	\$0.15	April 22, 2009
-	5,100,800	-	-	5,100,800	\$0.15	
-	5,070,800	-	-	5,070,800	\$0.20	June 15, 2011
1,427,592	-	-	-	1,427,592	\$0.45	August 14, 2013*
572,408	-	-	-	572,408	\$0.45	September 5, 2013*
9,259,750	12,671,600	2,500,000	3,720,000	15,711,350	\$0.27	

**c) Stock options**

In August 2004 the Company adopted a Stock Option Plan (amended May 27, 2010) whereby the Company may grant stock options to officers, directors, consultants and eligible employees at an exercise price to be determined by the board of directors, provided the exercise price is not lower than the market price at the time of issue. The Plan provides for the issuance of up to 20% of the Company's issued common shares as at the date of shareholder approval with each stock option having a maximum term of five years. The board of directors has the exclusive authority over the granting of options.

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**8. Shareholder's Equity – continued**

c) **Stock options - continued**

As of September 30, 2010 the Company had 14,115,000 incentive stock options outstanding as follows:

December 31, 2009	Granted in the period	Exercised in the period	Expired in the period	September 30, 2010	Price	Expiry Date
409,163	-	-	409,163	-	\$ 0.30	February 14, 2010
350,000	-	-	350,000	-	\$ 0.11	March 16, 2010
590,000	-	-	590,000	-	\$ 0.20	June 15, 2010
150,000	-	-	-	<b>150,000</b>	\$ 0.15	October 26, 2010
2,750,000	-	-	-	<b>2,750,000</b>	\$ 0.20	July 6, 2011
300,000	-	-	-	<b>300,000</b>	\$ 0.28	October 16, 2011
900,000	-	-	-	<b>900,000</b>	\$ 0.25	April 1, 2012
300,000	-	-	-	<b>300,000</b>	\$ 0.30	September 4, 2012
700,000	-	-	-	<b>700,000</b>	\$ 0.30	October 15, 2012
600,000	-	-	-	<b>600,000</b>	\$ 0.30	November 14, 2011
2,400,000	-	375,000	-	<b>2,025,000</b>	\$ 0.11	November 3, 2013
1,200,000	-	-	-	<b>1,200,000</b>	\$ 0.11	January 19, 2014
3,090,000	-	-	-	<b>3,090,000</b>	\$ 0.11	September 4, 2014
200,000	-	-	-	<b>200,000</b>	\$ 0.11	October 5, 2014
400,000	-	-	-	<b>400,000</b>	\$ 0.11	November 12, 2014
-	1,000,000	-	-	<b>1,000,000</b>	\$ 0.10	February 17, 2015
-	200,000	-	-	<b>200,000</b>	\$ 0.10	March 10, 2012
-	300,000	-	-	<b>300,000</b>	\$ 0.13	September 24, 2015
<b>14,339,163</b>	<b>1,500,000</b>	<b>375,000</b>	<b>1,349,163</b>	<b>14,115,000</b>	<b>\$ 0.16</b>	

On February 17, 2010 the Company granted 1,000,000 stock options to directors of the Company. These options are exercisable at \$0.10 on or before February 17, 2015.

On March 22, 2010 the Company granted 200,000 stock options to an investor relations consulting company. These options are exercisable at \$0.10 on or before March 10, 2012.

On May 31, 2010 375,000 options were exercised at a price of \$0.11 for total proceeds of \$41,250.

On September 24, 2010 the Company granted 300,000 stock options to an employee of the Company. These options are exercisable at \$0.13 on or before September 24, 2015.

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**8. Shareholder's Equity – continued**

As at September 30, 2010 14,115,000 options were fully vested.

As of December 31, 2009 the Company had 14,339,163 incentive stock options outstanding as follows:

December 31, 2008	Granted in the year	Exercised in the year	Expired in the year	December 31, 2009	Price	Expiry Date
670,000	-	150,000	520,000	-	\$ 0.10	August 17, 2009
75,000	-	-	75,000	-	\$ 0.30	November 14, 2009
100,000	-	-	100,000	-	\$ 0.28	December 20, 2009
50,000	-	-	50,000	-	\$ 0.30	December 20, 2009
100,000	-	-	100,000	-	\$ 0.25	December 20, 2009
150,000	-	-	150,000	-	\$ 0.11	December 20, 2009
409,163	-	-	-	409,163	\$ 0.30	February 14, 2010
350,000	-	-	-	350,000	\$ 0.11	March 16, 2010
590,000	-	-	-	590,000	\$ 0.20	June 15, 2010
150,000	-	-	-	150,000	\$ 0.15	October 26, 2010
2,750,000	-	-	-	2,750,000	\$ 0.20	July 6, 2011
300,000	-	-	-	300,000	\$ 0.28	October 16, 2011
1,000,000	-	-	100,000	900,000	\$ 0.25	April 1, 2012
300,000	-	-	-	300,000	\$ 0.30	September 4, 2012
700,000	-	-	-	700,000	\$ 0.30	October 15, 2012
600,000	-	-	-	600,000	\$ 0.30	November 14, 2011
2,400,000	-	-	-	2,400,000	\$ 0.11	November 3, 2013
-	1,200,000	-	-	1,200,000	\$ 0.11	January 19, 2014
-	3,090,000	-	-	3,090,000	\$ 0.11	September 4, 2014
-	200,000	-	-	200,000	\$ 0.11	October 5, 2014
-	400,000	-	-	400,000	\$ 0.11	November 12, 2014
10,694,163	4,890,000	150,000	1,095,000	14,339,163	\$ 0.17	

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**8. Shareholder's Equity – continued**

c) **Stock options - continued**

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

	<b>2010</b>
Risk-free interest rate	0.50%
Expected life of options	2 years, 5 years
Annualized volatility	123% - 140%
Dividend Rate	0.00%

The Company uses the Black-Scholes pricing model. Option and warrant fair value pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and warrants.

**9. Related Party Transactions**

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

		<b>September 30, 2010</b>	December 31, 2009
Management consulting and management fees	Directors and officers	\$ 225,017	\$ 177,617

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

As at September 30, 2010 \$11,250 (2009 - \$99,750) is payable to a company with a director in common for financial consulting and management services and is non-interest bearing.

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The Company's mineral properties are located in Canada, Ecuador and Finland. The properties and locations are as follows;

Property	Location
TL Property	Canada
Ganarin Property	Ecuador
Kaukua Property	Finland
Tammela Property	Finland
Seinajoki Property	Finland
Kaatiala Property	Finland
Haukiaho Property	Finland

Geographic information for the nine month period ended September 30, 2010;

	Canada	Ecuador	Finland	Total
Net loss for the period	\$ 1,011,095	\$ 55,667	\$ 5,692	\$ 1,072,453
Mineral interests	\$ 2,744,279	\$ 1,416,025	\$ 5,123,562	\$ 9,283,866
Other assets	\$ 248,514	\$ 15,755	\$ 27,090	\$ 294,359
<b>Total assets September 30, 2010</b>	<b>\$ 2,992,793</b>	<b>\$ 1,434,780</b>	<b>\$ 5,150,652</b>	<b>\$ 9,578,225</b>

For the year ended December 31, 2009;

	Canada	Ecuador	Finland	Total
Net loss for the year	\$ 2,825,468	\$ 88,939	\$ 324	\$ 2,914,732
Mineral interests	\$ 2,733,294	\$ 1,378,613	\$ 4,567,028	\$ 8,678,935
Other assets	\$ 171,977	\$ 13,044	\$ 247,086	\$ 432,107
Total assets December 31, 2009	\$ 2,905,271	\$ 1,391,657	\$ 4,814,114	\$ 9,111,042

**11. Write-off Acquisition Costs**

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

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

- the sum of US\$300,000 in cash on or before the date that is five business days following the date of acceptance for filing of the Acquisition by the TSX Venture Exchange (paid);
- the sum of US\$300,000 in cash on or before April 30, 2009 (paid);
- the sum of US \$1,100,000 in cash on or before May 31, 2009;
- the sum of US\$900,000 in cash on or before June 20, 2009;

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**11. Write-off Acquisition Costs – continued**

- e) the sum of US\$1,000,000 in cash on or before August 31, 2009;
- f) the sum of US\$1,000,000 in cash on or before October 31, 2009; and
- g) the sum of US\$900,000 in cash on or before January 31, 2010.

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

Prior to April 30, 2009, the Company has paid to Copper Mesa an aggregate sum of US\$600,000 as stipulated by the Agreement. On June 4, 2009, the Company announced the extension of the closing of the Company's acquisition of the subsidiary of Copper Mesa (the "Subsidiary") until June 30, 2009 to complete the due diligence. Under the terms of the Extended Agreement, the Company will pay a sum of US\$90,000 immediately and another US\$70,000 on June 16, 2009. The US\$1,100,000 payment previously due May 31, 2009 will be postponed to June 30, 2009, and the US\$900,000 payment previously due on June 30, 2009 will be postponed to July 31, 2009. The Company has the right to satisfy the total payment of the purchase price if it pays to Copper Mesa the total aggregate sum of US\$5,000,000 less applicable payments made; on or before July 31, 2009, which has been extended from June 30, 2009.

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

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**12. Income Taxes**

a) The Company's provision for income taxes differs from the amounts computed by applying the combined Canadian federal and provincial income tax rates to the net loss as a result of the following:

	December 31, 2009	December 31, 2008
Loss before income taxes	\$ (2,914,732)	\$ (2,807,022)
Statutory tax rate	30.0%	31.00%
Provision for recovery of taxes at statutory rates	(874,419)	(870,177)
Tax benefit not recognized on current year losses	356,493	257,691
Non-deductible and other items for tax purposes	513,467	609,983
Differences in foreign tax rates	4,460	2,503
Foreign exchange differences	35,459	-
Future income tax assets recognized to eliminate future income tax liability on renunciation of flow through shares	-	(288,300)
Future income tax recovery	\$ 35,460	\$ (288,300)

During the year ended December 31, 2007, the Company raised a total of \$930,000 through the issuance of flow-through securities. During 2008 all flow-through funds have been expended on qualifying expenditures. In the first quarter of 2008, the Company renounced \$930,000 for income tax purposes, to the flow-through investors. The future income tax liability of \$288,300 related to this renunciation was recognized in 2008, as a charge to share capital. The Company's unrecognized future tax assets exceeded this tax liability and accordingly, the Company reduced this future income liability and recognized a \$288,300 future income tax recovery in 2008. The Company did not issue any flow through shares in 2008 or 2009.

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

	December 31, 2009	December 31, 2008
Non-capital loss carry forwards	\$ 751,762	\$ 487,635
Net capital loss carry forwards	128,656	-
Mineral interests – Canada, Finland and other	252,249	78,088
Mineral interests – Ecuador	(7,770)	21,962
Mineral interest - Finland	(35,460)	-
Share issue costs	31,302	48,991
Other	25,016	23,375
Future income tax assets (liabilities)	1,145,755	660,051
Valuation allowance	(1,181,215)	(660,051)
Net future income tax assets (liabilities)	\$ (35,460)	\$ -

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**12. Income Taxes – continued**

The Company has income tax loss carry forwards of approximately \$2,912,052 in Canada, which may be used to reduce future income taxes otherwise payable and expire from 2010 to 2029. The Company also has capital losses carried forward of \$1,029,245 in Canada which may be used by the Company to offset capital gains realized in Canada in the future and do not expire.

**13. Subsequent Events**

On November 11, 2010 the Company incorporated a new subsidiary in Finland Tammela Minerals Oy (“TMO”). The Company, through its 100% owned subsidiary, Nortec Minerals Oy (“NMO”), owns two lithium (Li) claim reservations, Kietyonmaki (“KMD”) and Hirvikallio located in the Someras-Tammela pegmatite region, southwest Finland. The combined area covers 317 hectares and is known as the Tammela Property. The Company is in the process of transferring this property to TMO.

On October 26, 2010 150,000 options issued to two consultants on October 26, 2005 expired.

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