DURAN VENTURES INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED

JUNE 30, 2011 AND 2010

(Unaudited)

(Expressed in Canadian dollars)

DURAN VENTURES INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

(Unaudited)

(Expressed in Canadian dollars)

CONDENSED INTERIM CONSOLIDATED BALANCE SHEETS
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	As at June 30, 2011 $	As at December 31, 2010 $
		(Note 17)
ASSETS		
CURRENT		
Cash and cash equivalents	**5,648,577**	6,002,801
Marketable securities (Note 6)	**138,000**	90,000
Prepaid expenses and advances	**85,740**	12,094
Amounts receivable	**46,439**	21,574
	5,918,756	6,126,469
PROPERTY, PLANT AND EQUIPMENT (Note 7)	**247,568**	99,760
EXPLORATION AND EVALUATION ASSETS (Notes 8 and 11)	**1,268,102**	1,268,102
	7,434,426	7,494,331
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	**196,519**	222,925
DEFERRED TAX LIABILITY	**421,300**	421,300
	617,819	644,225
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (Note 9)	**45,928,588**	43,365,227
WARRANT RESERVE (Note 9)	**1,437,911**	1,465,046
SHARE-BASED PAYMENT RESERVE (Note 10)	**2,124,704**	771,976
ACCUMULATED OTHER COMPREHENSIVE INCOME	**2,625**	39,375
DEFICIT	**(42,677,221)**	(38,791,518)
	6,816,607	6,850,106
	7,434,426	7,494,331

ONGOING OPERATIONS (Note 3)

EXPLORATION AND EVALUATION EXPENDITURES (Note 11)

COMMITMENTS AND CONTINGENCIES (Note 16)

APPROVED ON BEHALF OF THE BOARD:

Signed "Joseph Del Campo" , Director

Signed "Jeffrey Reeder" , Director

See accompanying notes to the unaudited condensed consolidated interim financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	Three-Months Ended June 30 $		Six-Months Ended June 30 $	
	2011	2010 (Note 17)	**2011**	2010 (Note 17)
EXPENSES				
Share-based compensation (Note 10)	**362,000**	62,530	**1,649,927**	106,040
Management and consulting fees (Note 15)	**82,600**	37,400	**142,533**	74,940
General and administrative	**77,182**	56,841	**219,750**	79,556
Shareholder information and investor relations	**38,682**	88,738	**67,456**	177,730
Professional fees	**46,349**	23,911	**79,179**	44,508
Rent	**(4,335)**	10,500	**3,165**	20,250
Amortization	**5,171**	2,858	**7,985**	5,720
Exploration and evaluation expenditures (Note 11)	**1,263,792**	481,715	**1,945,229**	989,351
Loss before the under-noted	**1,871,441**	764,493	**4,115,224**	1,498,095
Interest income	**(5,204)**	-	**(9,091)**	-
LOSS FOR THE PERIOD BEFORE INCOME TAXES	**1,866,237**	764,493	**4,106,133**	1,498,095
DEFERRED INCOME TAX EXPENSE	**-**	-	**5,250**	-
NET LOSS FOR THE PERIOD	**1,866,237**	764,493	**4,111,383**	1,498,095
Other comprehensive loss	**-**	-	**36,750**	-
COMPREHENSIVE LOSS	**1,866,237**	764,493	**4,148,133**	1,498,095
Loss per share – basic and diluted	**0.010**	0.008	**0.023**	0.016
Weighted average number of common shares outstanding	**181,362,035**	97,794,988	**178,680,919**	95,504,359

See accompanying notes to the unaudited condensed consolidated interim financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF ACCUMULATED OTHER COMPREHENSIVE INCOME ("AOCI")

(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	Three-Months Ended June 30 $		Six-Months Ended June 30 $	
	2011	2010	**2011**	2010
		(Note 17)		(Note 17)
Accumulated other comprehensive income at beginning of period	**2,625**	-	**39,375**	-
Unrealized loss on marketable securities, net of deferred income tax of $5,250	**-**	-	**(36,750)**	-
Accumulated other comprehensive income at end of period	**2,625**	-	**2,625**	-

See accompanying notes to the unaudited condensed consolidated interim financial statements.

DURAN VENTURES INC.
(A Development Stage Company)

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited – Prepared by Management)

	Common Shares	Warrants				
	Amount $	Reserve Amount $	Share-based Payment Reserve $	Accumulated Other Comp. Income ("AOCI") $	Deficit $	Total Shareholders' Equity $
Balance, January 1, 2010	35,592,626	664,101	948,546	-	(36,382,644)	822,629
Warrants exercised	1,889,735	(257,135)	-	-	-	1,632,600
Value of warrants and options expired	-	(42,273)	(135,071)	-	177,344	-
Share-based compensation expense	-	-	106,040	-	-	106,040
Net loss	-	-	-	-	(1,498,095)	(1,498,095)
Balance, June 30, 2010	37,482,361	364,693	919,515	-	(37,703,395)	1,063,174
Balance, January 1, 2011	43,365,227	1,465,046	771,976	39,375	(38,791,518)	6,850,106
Issued for cash	717,464	175,000	-	-	-	892,464
Issued as finder's fee	-	30,043	-	-	-	30,043
Warrants exercised	1,638,606	(230,906)	-	-	-	1,407,700
Options exercised	207,291	-	(72,791)	-	-	134,500
Value of warrants and options expired	-	(1,272)	(224,408)	-	225,680	-
Share-based compensation expense	-	-	1,649,927	-	-	1,649,927
Unrealized loss on marketable securities	-	-	-	(36,750)	-	(36,750)
Net loss	-	-	-	-	(4,111,383)	(4,111,383)
Balance, June 30, 2011	45,928,588	1,437,911	2,124,704	2,625	(42,677,221)	6,816,607

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	Three-Months Ended June 30 $		Six-Months Ended June 30 $	
	2011	2010	**2011**	2010
		(Note 17)		(Note 17)
CASH FLOWS USED IN OPERATING ACTIVITIES				
Net loss for the period	**(1,866,237)**	(764,493)	**(4,111,383)**	(1,498,095)
Add items not requiring cash:				
Amortization	**5,171**	2,858	**7,985**	5,720
Share-based compensation	**362,000**	62,530	**1,649,927**	106,040
Option payment received as shares	**-**	-	**(90,000)**	-
Deferred income tax	**-**	-	**5,250**	-
Change in non-cash operating working capital:				
(Increase) decrease in prepaids and advances	**(24,415)**	34,034	**(73,646)**	17,192
(Increase) decrease in amounts receivable	**(5,599)**	2,955	**(24,865)**	(2,749)
(Decrease) increase in accounts payable and accrued liabilities	**(23,189)**	51,207	**(26,406)**	66,617
Cash flows used in operating activities	**(1,552,269)**	(610,909)	**(2,663,138)**	(1,305,275)
CASH FLOWS USED IN INVESTING ACTIVITIES				
Property, plant and equipment	**(63,840)**	-	**(155,793)**	-
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of private placement units for cash	**-**	-	**1,001,000**	-
Finder's fees	**-**	-	**(65,065)**	-
Issue costs	**-**	-	**(13,428)**	-
Exercise of options	**114,000**	-	**134,500**	-
Exercise of warrants	**1,008,700**	1,442,600	**1,407,700**	1,632,600
Cash flows from financing activities	**1,122,700**	1,442,600	**2,464,707**	1,632,600
Increase (decrease) in cash and cash equivalents	**(493,409)**	831,691	**(354,224)**	327,325
Cash and cash equivalents, beginning of period	**6,141,986**	268,598	**6,002,801**	772,964
Cash and cash equivalents, end of period	**5,648,577**	1,100,289	**5,648,577**	1,100,289
SUPPLEMENTARY INFORMATION:				
Compensation warrants issued for services (Note 9)	**-**	-	**30,043**	-

1. GENERAL INFORMATION

Duran Ventures Inc. ("Duran" or "the Company") is a publicly listed company originally incorporated in British Columbia and subsequently continued under the Canada Business Corporations Act. The Company's common shares have been listed and trading on the TSX Venture Exchange since July 4, 2007 under the trading symbol "DRV". The Company, directly and with exploration partners, is engaged in the exploration of mineral properties primarily in South America. The Company's registered head office is located at 40 University Avenue, Suite 710, Toronto, Ontario, Canada M5J 1T1 and substantially all of the Company's operating expenses are incurred in Canada.

2. BASIS OF CONSOLIDATION

These unaudited condensed interim consolidated financial statements include the accounts of the Company, which is incorporated in Canada under the Canada Business Corporations Act, its wholly owned subsidiaries, Duran Resources ULC and 1546806 Alberta Ltd., which are incorporated in Canada under the Business Corporations Act (Alberta), and its wholly owned subsidiaries, Minera Aguila de Oro SAC, Corongo Exploraciones SAC, Exploraciones Laramarca SAC and Hatum Minas SAC, all of which are incorporated in Peru. All inter-company balances and transactions have been eliminated. The condensed interim consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

3. GOING CONCERN

These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Because of limited working capital and continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing or to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operation. These unaudited condensed interim consolidated financial statements do not include any adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classification that would be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) International Financial Reporting Standards ("IFRS")

These are the Company's second IFRS unaudited condensed interim consolidated financial statements for the second quarter of the first IFRS annual financial statements to be presented in accordance with IFRS for the year ending December 31, 2011. IFRS 1, First-time Adoption of IFRS ("IFRS 1") has been applied and the impact of the transition from Canadian Generally Accepted Accounting Principles ("GAAP") to IFRS is explained in Note 17. Previously, the Company prepared its financial statements in accordance with Canadian GAAP.

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). They do not include all of the information required for full annual financial statements.

Please refer to the March 31, 2011 condensed interim consolidated financial statements and accompanying notes for a description of the significant accounting policies used by the Company. The polices set out in the Company's March 31, 2011 financial statements were consistently applied to all the periods presented unless otherwise noted below or in the March 31, 2011 financial statements. These condensed interim consolidated statements should be read in conjunction with the financial statements for the period ended March 31, 2011.

Where material, the condensed interim consolidated financial statements also include annual IFRS disclosure if the same disclosure was not previously made under Canadian GAAP. The policies applied in these condensed interim consolidated financial statements are based on the IFRS issued and effective as of August 25, 2011, the date the Board of Directors approved the financial statements. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2011 could result in restatement of these interim consolidated financial statements, including the transition adjustments recognized on change-over to IFRS.

(b) Accounting standards and interpretations issued but not yet adopted

IFRS 7 *Financial instruments - Disclosures* ("IFRS 7") was amended by the IASB in October 2010 and provides guidance on identifying transfers of financial assets and continuing involvement in transferred assets for disclosure purposes. The amendments introduce new disclosure requirements for transfers of financial assets including disclosures for financial assets that are not derecognized in their entirety, and for financial assets that are derecognized in their entirety but for which continuing involvement is retained. The amendments to IFRS 7 are effective for annual periods beginning on or after July 1, 2011

IFRS 9 *Financial Instruments: Classification and Measurement*, issued in December 2009, effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments. Management anticipates that this standard will be adopted in the Company's consolidated financial statements for the period beginning January 1, 2013.

IFRS 10 *Consolidated Financial Statements* ("IFRS 10") provides a single model to be applied in the control analysis for all investees, including entities that currently are special purpose entities in the scope of SIC 12. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27 *Consolidated and Separate Financial Statements*. The Company intends to adopt IFRS 10 in its financial statements for the annual period beginning on January 1, 2013.

IFRS 11 *Joint Arrangements* ("IFRS 11") replaces the guidance in IAS 31 Interests in Joint Ventures. Under IFRS 11, joint arrangements are classified as either joint operations or joint ventures. IFRS 11 essentially carves out of previous jointly controlled entities, those arrangements which although structured through a separate vehicle, such separation is ineffective and the parties to the arrangement have rights to the assets and obligations for the liabilities and are accounted for as joint operations in a fashion consistent with jointly controlled assets/operations under IAS 31. In addition, under IFRS 11 joint ventures are stripped of the free choice of equity accounting or proportionate consolidation; these entities must now use the equity method.

Upon application of IFRS 11, entities which had previously accounted for joint ventures using proportionate consolidation shall collapse the proportionately consolidated net asset value (including any allocation of goodwill) into a single investment balance at the beginning of the earliest period presented. The investment's opening balance is tested for impairment in accordance with IAS 28 *Investments in Associates* and IAS 36 *Impairment of Assets*. Any impairment losses are recognized as an adjustment to opening retained earnings at the beginning of the earliest period presented. The Company intends to adopt IFRS 11 in its financial statements for the annual period beginning on January 1, 2013.

IFRS 13 *Fair Value Measurement* converges IFRS and US GAAP on how to measure fair value and the related fair value disclosures. The new standard creates a single source of guidance for fair value measurements, where fair value is required or permitted under IFRS, by not changing how fair value is used but how it is measured. The focus will be on an exit price. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company intends to adopt IFRS 13 in its financial statements for the annual period beginning on January 1, 2013

The Company has not yet determined the impact of such standards and amendments on its financial statements.

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these condensed interim consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The condensed interim consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed interim consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the balance sheet date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i. the recoverability of exploration and evaluation assets which are included in the condensed interim consolidated balance sheet;
ii. the inputs used in accounting for valuation of warrants and stock options which are included in the condensed interim consolidated balance sheet;
iii. the inputs used in accounting for share-based compensation expense in the condensed interim consolidated statement of loss and comprehensive loss;
iv. the nil provision for decommissioning and restoration provisions which is included in the condensed interim consolidated balance sheet; and
v. the nil provision for income taxes which is included in the condensed interim consolidated statements of loss and comprehensive loss and composition of deferred income tax assets and liabilities included in the condensed interim consolidated balance sheet.

6. MARKETABLE SECURITIES

As at June 30, 2011, the Company has received 600,000 common shares of Viper Gold Ltd. (“Viper”) as per the terms of the Corongo property option agreement (see Note 11).

The Company classifies its marketable securities in public companies as available for sale which are reported at the fair market value based on bid prices with unrealized gains or losses excluded from earnings and reported as other comprehensive income or loss until the investment is derecognized or impaired. As at June 30, 2011, the fair market value of marketable securities was $138,000 (December 31, 2010 - $90,000).

(Expressed in Canadian dollars)

7. PROPERTY, PLANT AND EQUIPMENT

Cost	Office furniture and equipment	Computer equipment	Field equipment	Camp and buildings	Total
Balance at Dec. 31, 2010	17,138	16,349	45,977	49,077	128,541
Additions	18,417	5,153	18,240	113,983	155,793
Disposals	-	-	-	-	-
Balance June 30, 2011	35,555	21,502	64,217	163,060	284,334

Amortization and impairment	Office furniture and equipment	Computer equipment	Field equipment	Camp and buildings	Total
Balance at Dec. 31, 2010	3,719	9,477	12,398	3,187	28,781
Additions	1,096	1,956	2,330	2,603	7,985
Disposals	-	-	-	-	-
Balance June 30, 2011	4,815	11,433	14,728	5,790	36,766

Carrying amounts	Office furniture and equipment	Computer equipment	Field equipment	Camp and buildings	Total
At December 31, 2010	13,419	6,872	33,579	45,890	99,760
At June 30, 2011	30,740	10,069	49,489	157,270	247,568

8. EXPLORATION AND EVALUATION ASSETS

	December 31, 2010 $	Additions (Recoveries) $	June 30, 2011 $
Peru			
Acquisition	1,268,102	-	1,268,102
Total Exploration Properties	1,268,102	-	1,268,102

Double Jack Properties

In July 2009, the Company agreed to acquire certain mineral properties in Peru (the “Double Jack Properties”) from Double Jack Mines Limited (“Double Jack”). On July 8, 2010, the Company completed the acquisition of the Double Jack Properties and received regulatory approval to close the transaction. The Company issued 9,393,346 common shares (valued at $1,268,102) to the Double Jack shareholders as consideration.

The Double Jack Properties include the Ichuña copper-silver project, the Panteria porphyry copper project, and the Santa Rita/Coricancha and Don Pancho silver-lead-zinc polymetallic projects. Title to the Double Jack properties is held by the Company’s wholly-owned Peruvian subsidiary, Hatum Minas SAC.

See Exploration and Evaluation Expenditures (Note 11).

(Expressed in Canadian dollars)

9. CAPITAL STOCK AND OTHER EQUITY

a) Authorized, Issued and Outstanding shares

Authorized - unlimited number of common shares with no par value,
- 100,000,000 preferred shares with no par value

A summary of common shares outstanding as at June 30, 2011 and December 31, 2010 and changes during the periods are presented below:

	Shares #	Amount $
Balance, December 31, 2010	167,198,958	43,365,227
Issued on exercise of warrants (ii)	7,001,000	1,407,700
Value assigned to exercised warrants	-	230,906
Issued in private placements (net of share issue costs) (ii)	7,700,000	892,464
Value assigned to warrants issued in private placements, net of costs (Note 9(b))	-	(175,000)
Issued on exercise of options (ii)	1,150,000	134,500
Value assigned to options exercised	-	72,791
Balance, June 30, 2011	183,049,958	45,928,588

(i) On December 23, 2010, the Company closed the first tranche of a private placement. The Company issued 49,553,000 units at $0.13 per unit for gross proceeds of $6,441,890 of which 1,750,000 units for gross proceeds of $227,500 were subscribed for by five officers and/or directors and one employee of the Company. Each unit consisted of one common share and one half of one common share purchase warrant, with one full warrant entitling the holder to obtain one common share of the Company for $0.20 for a period of two years. In relation to this private placement, 3,220,945 compensation warrants exercisable at $0.13 for a period of two years (valued at $194,285) were issued and commission and issue costs of $529,123 were paid. The net proceeds were allocated $4,592,482 to the common shares and $1,126,000 to the share purchase warrants.

During the fiscal year ended December 31, 2010, 125,000 warrants issued in April 2009 were exercised at $0.15 per warrant for proceeds of $18,750. An additional 16,326,000 warrants issued in August 2009 were exercised at $0.10 per warrant for proceeds of $1,632,600 to the Company.

(ii) In January 2011, the Company closed the second and final tranche of a private placement. The Company issued 7,700,000 units at $0.13 per unit for gross proceeds of $1,001,000. Each unit consisted of one common share and one half of one common share purchase warrant whereby one full warrant entitles the holder to obtain one common share of the Company for $0.20 for a period of two years. In relation to this private placement, 500,500 compensation warrants exercisable at $0.13 for a period of two years (valued at $30,043) were issued and commission and issue costs of $69,965 were paid.

During the six months ended June 30, 2011, 7,001,000 warrants issued in April 2009 were exercised for proceeds of $1,407,700.

During the six months ended June 30, 2011, 1,150,000 stock options were exercised for proceeds of $134,500.

(Expressed in Canadian dollars)

9. CAPITAL STOCK AND OTHER EQUITY (Continued)

b) Share Purchase Warrants

A summary of warrants outstanding as at June 30, 2011 and December 31, 2010 and changes during the periods are presented below:

	Warrants #	Amount $	Weighted average exercise price $
Balance, December 31, 2010	33,119,945	1,465,046	0.19
Issued in private placements (Note 9(b)(ii))	3,850,000	196,000	0.20
Issue costs	-	(21,000)	-
Compensation warrants (Note 9(b)(ii))	500,500	30,043	0.13
Exercised	(7,001,000)	(230,906)	0.20
Expired	(45,000)	(1,272)	0.20
Balance, June 30, 2011	30,424,445	1,437,911	0.19

(i) As a result of the $6,441,890 private placement in December 2010, the Company issued 24,776,500 common share purchase warrants with an exercise price of $0.20 and 3,220,945 compensation warrants with an exercise price of $0.13 expiring December 2012. The fair value of these warrants issued in this private placement was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted assumptions: expected dividend yield of 0%; expected volatility of 123%; risk-free interest rate of 1.69% and an expected life of two years. The weighted average grant date fair value of the warrants granted during year ended December 31, 2010 was $0.07.

(ii) As a result of the $1,001,000 private placement in January 2011, the Company issued 3,850,000 common share purchase warrants with an exercise price of $0.20 and 500,500 compensation warrants with an exercise price of $0.13 expiring January 2013. The fair value of these warrants issued in this private placement was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted assumptions: expected dividend yield of 0%; expected volatility of 122%; risk-free interest rate of 1.71% and an expected life of two years. The weighted average grant date fair value of the warrants granted during the six months ended June 30, 2011 was $0.05.

The following common share purchase warrants are outstanding at June 30, 2011:

Date Issued	Warrants Outstanding #	Exercise Price $	Expiry Date
December 23, 2010	22,853,000	0.20	December 23, 2012
December 23, 2010	3,220,945	0.13	December 23, 2012
January 7, 2011	3,850,000	0.20	January 7, 2013
January 7, 2011	500,500	0.13	January 7, 2013
	30,424,445		

As at June 30, 2011, the weighted average remaining contractual life of warrants outstanding was 1.49 years (2010 – 0.60 years).

(Expressed in Canadian dollars)

10. SHARE-BASED PAYMENTS – EMPLOYEE SHARE OPTION PLAN

The Company has adopted a stock option plan (the "Plan") for its directors, officers, employees and consultants to acquire common shares of the Company at a price determined by the fair market value of the shares at the date immediately preceding the date on which the option is granted. The terms and conditions of the options are determined by the Board of Directors.

The aggregate number of stock options shall not exceed 10% of the issued and outstanding common shares of the Company, and if any option granted under the plan expires or terminates for any reason in accordance with the terms of the plan without being exercised, that option shall again be available for the purpose of the plan. In addition, the exercise price of options granted under the plan shall not be lower than the exercise price permitted by the TSX Venture Exchange, and all options granted under the plan will have a term not to exceed five years and expire up to five years after issuance.
A summary of the status of the Plan as at June 30, 2011 and as at December 31, 2010, and changes during the periods ended on those dates are presented below:

	Number of options #	Weighted average exercise price $
Balance, December 31, 2010	7,060,000	0.21
Granted	8,510,000	0.27
Exercised	(1,150,000)	0.12
Expired	(525,000)	1.01
Balance, June 30, 2011	13,895,000	0.24

In May 2010, the Company granted 250,000 options exercisable at $0.11 for a period of five years. The grant included 200,000 options to a director and 50,000 options to an employee of the Company. The options vested 100% on the date of grant.

In June 2010, the Company granted 400,000 options exercisable at $0.11 for a period of one year to a consultant of the Company. The options vested 100% on the date of grant.

In July 2010, the Company granted 2,050,000 options exercisable at $0.15 for a period of five years. The grant included 1,625,000 options to eight individuals who are directors, senior officers, or both, and 425,000 options to an employee of the Company and five employees of its Peruvian subsidiary. The options vested 100% on the date of grant.

In March 2011, the Company granted 6,000,000 options exercisable at $0.29 for a period of five years. The grant included 5,000,000 options to eight individuals who are directors, senior officers, or both, and 1,000,000 options to employees of the Company. The options vested 100% on the date of grant.

In June 2011, the Company granted 2,510,000 options exercisable at $0.215 for a period of five years. The grant included 1,850,000 options to eight individuals who are directors, senior officers, or both, and 660,000 options to employees of the Company. The options vested 100% on the date of grant.

A share-based payment cost of $362,000 (2010 - $62,530) was recognized in the three months ended June 30, 2011. Total share-based payment expense of $1,649,927 (2010 - $106,040) was incurred for the six months ended June 30, 2011.

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

(Expressed in Canadian dollars)

10. SHARE-BASED PAYMENTS – EMPLOYEE SHARE OPTION PLAN (Continued)

	2011	2010
Risk-free interest rate	1.64%	1.72%
Expected life	5 years	4.4years
Expected volatility	100%	104%
Expected dividend yield	nil%	nil%

As at June 30, 2011, the Company had outstanding stock options issued to directors, officers and employees of the Company as follows:

Date of Grant	Options Outstanding #	Options Vested #	Exercise Price $	Expiry Date
January 16, 2009	700,000	700,000	0.25	January 16, 2012
September 1, 2009	2,510,000	2,510,000	0.10	September 1, 2014
May 27, 2010	200,000	200,000	0.11	May 27, 2015
July 9, 2010	1,975,000	1,975,000	0.15	July 9, 2015
March 14, 2011	6,000,000	6,000,000	0.29	March 14, 2016
June 29, 2011	2,510,000	2,510,000	0.215	June 29, 2016
	13,895,000	13,895,000		

The weighted average remaining contractual life of options issued and outstanding as at June 30, 2011 was 4.17 years.

11. EXPLORATION AND EVALUATION EXPENDITURES

Total exploration and evaluation expenditures are as follows:

	Peru $
Balance, December 31, 2010	10,061,720
Additions	2,035,229
Recoveries	(90,000)
Balance, June 30, 2011	12,006,949

During the six month period ended June 30, 2011, the Company incurred net exploration and evaluation expenditures of $1,945,229. In addition to these expenditures, the Company has also incurred capital expenditures of $265,917 up to June 30, 2011, with a net book value of $229,419 as at June 30, 2011.

Minera Aguila de Oro SAC Properties
The Company holds a 100% interest in the Aguila and Pasacancha Projects located in north central Peru (the “Peru Projects”). Title to the mineral properties in Peru is held by the Company’s wholly owned subsidiary, Minera Aguila de Oro SAC. The Peru Projects include the El Halcon concession (the Aguila Project), the Pasacancha 1 concession (the Pasachanca Project), and 15 additional staked exploration claims.

Corongo Property - Property Option
The Corongo Property consists of the KFC and 10 additional staked exploration claims, which are held by Corongo Exploraciones SAC., a wholly owned subsidiary of the Company.

The Company signed a property option agreement (the “Corongo Agreement”) with Viper in March 2010, and subsequently amended in August 2010, whereby Viper can acquire a 50% interest in the Corongo Property. Under the terms of the Corongo Agreement, Viper may acquire a 50% interest by paying the Company US$25,000 (paid - $25,348) on signing the Corongo Agreement; incurring exploration expenditures of not less than US$1,000,000 (US$682,105 or $657,890 incurred as of June 30, 2011) prior to

(Expressed in Canadian dollars)

March 10, 2012; and issuing the Company an aggregate amount of 1,000,000 common shares of Viper as to: (a) 300,000 common shares on August 17, 2010 (received; valued at $45,000); (b) 300,000 common shares on March 10, 2011 (received; valued at $90,000); and (c) 400,000 common shares on or prior to March 10, 2012, subject to regulatory approval. Viper is the operator of the project. Duran receives a 10% management fee based on exploration expenditures.

Properties acquired from Double Jack
The Double Jack Properties consist of 11 staked concessions which total 5,437.88 hectares, and include the Ichuña copper-silver project, the Panteria porphyry copper project, and the Santa Rita/Coricancha and Don Pancho silver-lead-zinc polymetallic projects. Title to the Double Jack properties is held by the Company's wholly-owned Peruvian subsidiary, Hatum Minas SAC.

See Exploration and Evaluation Assets (Note 8).

Minasnioc Property
The Company acquired the Minasnioc Gold Project in a closed-bid government auction on May 20, 2010. The concession is located in the Department of Huancavelica, approximately 300 kilometres southeast of Lima. Title to the Minasnioc Gold Project property is held by the Company's wholly-owned Peruvian subsidiary, Exploraciones Laramarca SAC.

Mamaniña Property
The Company was awarded the Mamaniña 1 and 2 concessions in the Province of Huaylas in the Department of Ancash, Peru by way of a closed-bid auction held on April 13, 2011 by the Peruvian Government. The process of receiving the mineral titles is underway. The concessions are located approximately 14 kilometres to the south of the Company's flagship Aguila Copper-Molybdenum Porphyry Project. The Company now holds a total of 1,800 hectares in three contiguous concessions, including the Mamaniña 3 concession, which was not subject to the property auction.

12. LOSS PER SHARE

a) Basic

Basic loss per share is calculated by dividing the net loss by the weighted average number of common shares in issue during the period.

	Three-Months Ended June 30,		Six-Months Ended June 30,	
	2011	2010	2011	2010
Net loss for the period	1,866,237	764,493	4,111,383	1,498,095
Weighted average number of common shares outstanding	181,362,035	97,794,988	178,680,919	95,504,359
Loss per share	0.010	0.008	0.023	0.016

b) Diluted

Diluted loss per common share is equal to the basic loss per common share as the stock options and warrants outstanding for the three and six month periods are anti-dilutive.

13. FINANCIAL RISK FACTORS

a) Credit risk management

Credit risk relating to accounts receivable arises from the possibility that any counterparty to an instrument fails to perform. The Company does not feel there is significant counterparty risk that could have an impact on the fair value of cash and cash equivalents and receivables.

13. FINANCIAL RISK FACTORS (Continued)

b) Liquidity risk

The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its capital, development and exploration expenditures. The Company ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Cash and cash equivalents include cash on hand and balances with banks and short-term deposits with original maturities of three months or less. The deposits are held in a Canadian chartered bank or a financial institution controlled by a Canadian chartered bank. As at June 30, 2011, the Company had cash of $1,425,511 and cash equivalents of $4,223,066. The Company did not have any cash equivalents at December 31, 2010.

As of June 30, 2011, the Company had a cash and cash equivalents balance of $5,648,577 (December 31, 2010 - $6,002,801) to settle current accounts payable and accrued liabilities of $196,519 (December 31, 2010 - $222,925). The Company's other current assets consist of marketable securities of $138,000 (December 31, 2010 - $90,000), amounts receivable of $46,439 (December 31, 2010 - $21,574) and prepaid expenses and advances of $85,740 (December 31, 2010 - $12,094).

c) Market risk

At the present time, the Company does not hold any interest in a mining property that is in production. The Company's viability and potential success depends on its ability to develop, exploit, and generate revenue from the development of mineral deposits. Revenue, cash flow, and profits from any future mining operations in which the Company is involved will be influenced by precious and/or base metal prices and by the relationship of such prices to production costs. Such prices can fluctuate widely and are affected by numerous factors beyond the Company's control. The fair value of the Company's marketable securities is also influenced by these factors and is therefore subject to market risk.

The Company's investments in public companies are sensitive to a plus or minus 5% change in Canadian equity prices which would affect comprehensive income (loss) by approximately $6,900.

d) Foreign exchange risk

The Company's financings are in Canadian dollars. Certain of the Company's transactions with its subsidiaries are incurred in foreign currencies and are therefore subject to gains or losses due to fluctuations in exchange rates.

As at June 30, 2011, the Company had cash and cash equivalents balances of $2,561,966 (US$2,656,264) (December 31, 2010 - $1,107,273 (US$1,113,284)) in U.S. dollars and accounts payable of $132,564 (S/.380,223) (December 31, 2010 – $56,151 (S/.160,171)) in Peruvian Nuevo Soles.

Sensitivity to a plus or minus 5% change in the foreign exchange rate would have affected the net loss by approximately $121,470 in the six month period ended June 30, 2011.

The Company does not undertake currency hedging activities to mitigate its foreign currency risk.

(Expressed in Canadian dollars)

e) 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 majority of the Company's cash and cash equivalents balances earn interest at fixed rates over the next three to twelve months. It is management's opinion that the Company is not exposed to significant interest rate risk. The Company has no interest bearing debt.

A sensitivity analysis has determined that an interest rate fluctuation of 1% would not have resulted in significant fluctuation in the interest income during the six month period ended June 30, 2011.

f) Fair value of financial assets and liabilities

The book values of the cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities, approximate their respective fair values due to the short-term nature of these instruments.

The fair values together with the carrying amounts shown in the balance sheet are as follows:

	Carrying amount	Fair Value	Carrying amount	Fair Value
	As at June 30, 2011		As at December 31, 2010	
	$	$	$	$
Cash and cash equivalents	5,648,577	5,648,577	6,002,801	6,002,801
Marketable securities	138,000	138,000	90,000	90,000
Amounts receivable	46,439	46,439	21,574	21,574
Accounts payable and accrued liabilities	(196,519)	(196,519)	(222,925)	(222,925)

14. CAPITAL RISK MANAGEMENT

The Company defines capital as shareholders' equity which at June 30, 2011 was $6,816,607 (December 31, 2010 - $6,850,106). The Company manages its capital structure and makes adjustments to it, in order to have the funds available to support its exploration, development and operations activities.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its mineral properties and maximize shareholder returns. The Company satisfies 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. As at June 30, 2011, the Company had no bank debt.

Management reviews its capital management approach on an ongoing basis. There were no changes in the Company's approach to capital management during the six month period ended June 30, 2011. The Company and its subsidiaries are not subject to externally imposed capital requirements.

15. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

The remuneration of related parties of the Company for the six months ended June 30, 2011 and 2010 was as follows.

	2011	**2010**
Aggregate cash compensation	$ 232,033	$134,940
Share-based compensation	$1,397,440	$ 56,756

(Expressed in Canadian dollars)

The related parties were awarded the following stock options under the employee stock option plan during the six months ended June 30, 2011:

Date of grant	Number of options	Exercise price	Expiry
March 14, 2011	5,200,000	$0.29	March 14, 2016
June 29, 2011	1,950,000	$0.215	June 29, 2016

The directors and key management were awarded the following stock options under the employee stock option plan during the six months ended June 30, 2010:

Date of grant	Number of options	Exercise price	Expiry
May 27, 2010	200,000	$0.11	May 27, 2015

16. COMMITMENTS AND CONTINGENCIES

In February 2011, the Company signed a lease agreement for a new office space commencing June 1, 2011. The term of the lease is for a period of five years, expiring on May 31, 2016. The annual lease payments are approximately $135,000. As part of the agreement, the Company paid a rental deposit of $12,629 to be applied to the first rental payment due and an additional $25,608 to be held as a security deposit.

Environmental matters
The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

17. TRANSITION TO IFRS

As stated in Significant Accounting Policies Note 4(a), these are the Company's second unaudited condensed interim consolidated financial statements prepared in accordance with IAS 34, using accounting policies consistent with IFRS.

The policies set out in the Significant Accounting Policies section have been applied in preparing the unaudited condensed interim consolidated financial statements for the six months ended June 30, 2011 and the comparative information presented in these unaudited condensed interim consolidated financial statements for the six months ended June 30, 2010. These statements should be read in conjunction with the condensed interim consolidated financial statements for the three months ended March 31, 2011.

(Expressed in Canadian dollars)

Reconciliation of consolidated balance sheet:

	Notes	Canadian GAAP	Effect of transition to IFRS	IFRS	Canadian GAAP	Effect of transition to IFRS	IFRS
		June 30, 2010			December 31, 2010		
Assets							
Currents assets							
Cash and cash equivalents		1,100,289	-	1,100,289	6,002,801	-	6,002,801
Marketable securities		-	-	-	90,000	-	90,000
Prepaid expenses and advances		32,186	-	32,186	12,094	-	12,094
Amounts receivable		9,512	-	9,512	21,574	-	21,574
		1,141,987	-	1,141,987	6,126,469	-	6,126,469
Property, plant and equipment		-	105,476	105,476	-	99,760	99,760
Exploration and evaluation assets	*a)*	9,107,616	(9,107,616)	-	11,458,363	(10,190,261)	1,268,102
Total assets		10,249,603	(9,002,140)	1,247,463	17,584,832	(10,090,501)	7,494,331
Liabilities and Shareholders' Equity							
Current liabilities							
Accounts payable and accrued liabilities		184,289	-	184,289	222,925	-	222,925
Deferred tax liability		-	-	-	421,300	-	421,300
		184,289	-	184,289	644,225	-	644,225
Shareholders' Equity							
Capital stock		37,482,361	-	37,482,361	43,365,227	-	43,365,227
Warrant reserves		364,693	-	364,693	1,465,046	-	1,465,046
Share-based payment reserves	*b) & c)*	3,942,912	(3,023,397)	919,515	4,412,312	(3,640,336)	771,976
Accumulated other comprehensive income		-	-	-	39,375	-	39,375
Deficit	*d)*	(31,724,652)	(5,978,743)	(37,703,395)	(32,341,353)	(6,450,165)	(38,791,518)
Total equity		10,065,314	(9,002,140)	1,063,174	16,940,607	(10,090,501)	6,850,106
Total liabilities and equity		10,249,603	(9,002,140)	1,247,463	17,584,832	(10,090,501)	7,494,331

(Expressed in Canadian dollars)

Reconciliation of loss and comprehensive loss for the three and six month period ended June 30, 2010:

		Three months period ended June 30, 2010			Six months period ended June 30, 2010		
	Notes	Canadian GAAP	Effect of Transition to IFRS	IFRS	Canadian GAAP	Effect of Transition to IFRS	IFRS
Expenses							
Share based payments	*b)*	88,000	(25,470)	62,530	148,000	(41,960)	106,040
Management, director and consulting fees		37,400	-	37,400	74,940	-	74,940
General and administrative		56,841	-	56,841	79,556	-	79,556
Advertising and investor relations		88,738	-	88,738	177,730	-	177,730
Professional fees		23,911	-	23,911	44,508	-	44,508
Rent		10,500	-	10,500	20,250	-	20,250
Amortization		-	2,858	2,858	-	5,720	5,720
Exploration and evaluation expenditures	*a)*	-	481,715	481,715	-	989,351	989,351
		305,390	459,103	764,493	544,984	953,111	1,498,095
Loss before taxes		(305,390)	(459,103)	(764,493)	(544,984)	(953,111)	(1,498,095)
Recovery of deferred income tax		-	-	-	-	-	-
Net loss for the period		(305,390)	(459,103)	(764,493)	(544,984)	(953,111)	(1,498,095)
Other comprehensive income		-	-	-	-	-	-
Comprehensive loss for the period		(305,390)	(459,103)	(764,493)	(544,984)	(953,111)	(1,498,095)
Loss per share:							
Basic and diluted loss per share		(0.00)		(0.01)	(0.01)		(0.02)
Weighted average number of common shares outstanding		97,794,988		97,794,988	95,504,359		95,504,359

Notes to the reconciliation of balance sheet and net loss and comprehensive loss

a) Deferred mineral exploration costs

Pursuant to IFRS 6 *Exploration for, and Evaluation of, Mineral Resources,* the Company has elected to change its accounting policy to retrospectively expense all pre-feasibility exploration and evaluation expenditures. Property, plant and equipment previously grouped with deferred exploration expenditures under Canadian GAAP have been reclassified as property, plant and equipment under IFRS.

The effects of this transitional change are as follows: (i) a decrease in deferred exploration assets of $8,118,265, an increase to property, plant and equipment of $111,196 and an increase in deficit of $8,007,069 as at June 30, 2010 and (ii) a decrease in deferred exploration assets of $481,715 and $989,351 and an increase in net loss by the same amounts as at and for the three and six-month periods ended June 30, 2010 respectively. An increase in amortization expense related to the property, plant and equipment of $2,858 and $5,720 was recorded for the three and six month period ended June 30, 2010, respectively.

b) Share based payments

Under IFRS graded vesting awards are accounted for as though each installment is a separate award. IFRS does not provide for an election to treat the instruments as a pool and recognize expense on a straight line basis. Straight line basis is permissible under Canadian GAAP. Under IFRS, the estimates of the number of equity-settled awards that vest are adjusted to the actual number that vests, unless forfeitures are due to market-based conditions. There is no choice to accrue compensation cost as if all instruments granted were expected to vest and recognize the effect of the forfeitures as they occur as elected by the Company under Canadian GAAP.

(Expressed in Canadian dollars)

The impact of transition to IFRS with respect to options granted after November 7, 2002 that vest after the date of transition, is (i) an increase in deficit and decrease in share-based payment reserve at June 30, 2010 of $74,880, and a decrease in share-based payment expense of $25,470 and $41,960 in the unaudited interim consolidated statement of loss and comprehensive loss for the three and six months ended June 30, 2010 respectively.

c) Expired warrants and options

On transition to IFRS the Company elected to change its accounting policy for the treatment of expired options and warrants whereby amounts recorded for expired unexercised stock options are transferred to deficit. Previously these amounts were kept in the contributed surplus.

The impact of the above difference is as follows: (i) value assigned to expired share purchase warrants and options as of January 1, 2010, in the amount of $2,920,933 has been reclassified from contributed surplus to deficit as at June 30 and December 31, 2010, and (ii) value assigned to expired share purchase warrants and options for the six months ended June 30, 2010 in the amount of $177,344 has been reclassified from contributed surplus to deficit as of June 30, 2010.

d) Impact on deficit

The effect of the above adjustments on deficit is as follows:

	Notes	**June 30, 2010**
Canadian GAAP		(31,724,652)
Exploration and evaluation expenditures	*a)*	(9,107,616)
Property, plant and equipment	*a)*	105,476
Share based payments	*b)*	(74,880)
Expired warrants and options	*c)*	3,098,277
IFRS		(37,703,395)

e) Impact on cash flows

The change in policy under IFRS to expense exploration and evaluation expenditures had the following impact on the Company's cash flows from operating and investing activities:

	Notes	**Three months ended June 30, 2010**	**Six months ended June 30, 2010**
Cash flows from operating activities			
Canadian GAAP		(153,670)	(356,150)
Exploration and evaluation expenditures	*a)*	(457,239)	(949,125)
IFRS		(610,909)	(1,305,275)
Cash flows from investing activities			
Canadian GAAP		(457,239)	(949,125)
Exploration and evaluation expenditures	*a)*	457,239	949,125
IFRS		-	-