

DURAN VENTURES INC.

(A Development Stage Company)

INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTH PERIOD ENDED

MARCH 31, 2008

In accordance with National Instrument 51-102 release by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited financial statements for the three-month period ended March 31, 2008.

DURAN VENTURES INC.
(A Development Stage Company)
INTERIM BALANCE SHEETS
(Unaudited-Prepared by Management)

	March 31, 2008	December 31, 2007
	\$	\$
	(Unaudited)	(Audited)
ASSETS		
CURRENT		
Cash	3,179,982	3,361,333
Prepays and advances	-	1,566
Amounts receivable (Note 5)	322,961	51,738
Marketable securities (Note 6)	<u>48,000</u>	<u>72,000</u>
	3,550,943	3,486,637
EXPLORATION PROPERTIES (Note 3)	<u>2,698,680</u>	<u>2,314,398</u>
	<u>6,249,623</u>	<u>5,801,035</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 5)	<u>73,261</u>	<u>52,207</u>
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (Note 4(b))	8,276,073	7,682,993
WARRANTS (Note 4(d))	578,075	642,325
CONTRIBUTED SURPLUS (Note 4(f))	516,170	399,000
ACCUMULATED OTHER COMPREHENSIVE LOSS	(49,000)	(25,000)
DEFICIT	<u>(3,144,956)</u>	<u>(2,950,490)</u>
	<u>6,176,362</u>	<u>5,748,828</u>
	<u>6,249,623</u>	<u>5,801,035</u>
ONGOING OPERATIONS (Note 1)		

APPROVED ON BEHALF OF THE BOARD:

Signed "George A. Brown" , Director

Signed "Joseph Del Campo" , Director

See accompanying notes to the financial statements.

DURAN VENTURES INC.
(A Development Stage Company)
STATEMENTS OF OPERATIONS AND DEFICIT
FOR THE THREE MONTHS ENDED MARCH 31, 2008
(Unaudited-Prepared by Management)

	Three Months Ended March 31, 2008 \$	Three Months Ended March 31, 2007 \$
EXPENSES		
Stock-based compensation	120,000	9,000
Management and consulting fees	37,594	15,000
General and administrative	33,318	26,255
Investor relations activities	12,970	8,034
Professional fees	6,000	5,961
Rent	<u>7,500</u>	<u>7,500</u>
Loss before the under noted	217,382	71,750
Interest income	<u>(22,916)</u>	-
Net loss for the period	194,466	71,750
Deficit, beginning of year	<u>2,950,490</u>	<u>2,200,947</u>
Deficit, end of period	<u>3,144,956</u>	<u>2,272,697</u>
Loss per share – basic and diluted	<u>0.007</u>	<u>0.004</u>
Weighted average number of common shares outstanding	<u>26,297,793</u>	<u>18,513,938</u>

See accompanying notes to the financial statements.

DURAN VENTURES INC.
(A Development Stage Company)
STATEMENTS OF OTHER COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED MARCH 31, 2008
(Unaudited-Prepared by Management)

	Three Months Ended March 31, 2008 \$	Three Months Ended March 31, 2007 \$
Net (loss) for the period	(194,466)	(71,750)
Other comprehensive (loss)	<u>(49,000)</u>	-
COMPREHENSIVE (LOSS)	<u><u>(243,466)</u></u>	<u><u>(71,750)</u></u>

DURAN VENTURES INC.
(A Development Stage Company)
STATEMENTS OF ACCUMULATED OTHER COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED MARCH 31, 2008
(Unaudited-Prepared by Management)

	Three Months Ended March 31, 2008 \$	Three Months Ended March 31, 2007 \$
Accumulated other comprehensive (loss) at beginning of year	(25,000)	-
Unrealized (loss) on marketable securities	<u>(24,000)</u>	-
Accumulated other comprehensive (loss) at end of period	<u><u>(49,000)</u></u>	<u><u>-</u></u>

See accompanying notes to the financial statements.

DURAN VENTURES INC.
(A Development Stage Company)
STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2008
(Unaudited-Prepared by Management)

	Common Shares		Warrants		Contributed Surplus	Accumulated Other Comprehensive Income ("AOCI")	Deficit	Total Deficit and "AOCI"	Total Shareholders' Equity
	Shares	Amount	Number	Amount					
Balance, December 31, 2006	15,648,660	2,944,684	2,733,333	71,800	79,000	-	(2,200,947)	(2,200,947)	894,537
Issued for cash	5,707,000	3,178,463	3,853,500	629,500	-	-	-	-	3,807,963
Issued as finder's fee	233,800	125,800	162,515	74,738	-	-	-	-	200,538
Issued on property option agreement	200,000	180,000	-	-	-	-	-	-	180,000
Warrants exercised	3,653,333	1,254,046	(3,653,333)	(133,713)	-	-	-	-	1,120,333
Stock-based compensation expense	-	-	-	-	320,000	-	-	-	320,000
Unrealized (loss) on marketable securities	-	-	-	-	-	(25,000)	-	(25,000)	(25,000)
Net loss	-	-	-	-	-	-	(749,543)	(749,543)	(749,543)
Balance, December 31, 2007	25,442,793	7,682,993	3,096,015	642,325	399,000	(25,000)	(2,950,490)	(2,975,490)	5,748,828
Issued on property option agreement	50,000	69,000	-	-	-	-	-	-	69,000
Warrants exercised	1,219,000	516,250	(1,219,000)	(64,250)	-	-	-	-	452,000
Stock options exercised	20,000	7,830	-	-	(2,830)	-	-	-	5,000
Stock-based compensation expense	-	-	-	-	120,000	-	-	-	120,000
Unrealized (loss) on marketable securities	-	-	-	-	-	(24,000)	-	(24,000)	(24,000)
Net loss	-	-	-	-	-	-	(194,466)	(194,466)	(194,466)
Balance, March 31, 2008	26,731,793	8,276,073	1,877,015	578,075	516,170	(49,000)	(3,144,956)	(3,193,956)	6,176,362

See accompanying notes to the financial statements.

DURAN VENTURES INC.
(A Development Stage Company)
STATEMENTS OF CASH FLOW
FOR THE THREE MONTHS ENDED MARCH 31, 2008
(Unaudited-Prepared by Management)

	Three Months Ended March 31, 2008 \$	Three Months Ended March 31, 2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) for the year	(194,466)	(71,750)
Add items not requiring cash:		
Stock-based compensation	120,000	9,000
Change in non-cash operating working capital:		
Decrease in prepaids and advances	1,566	-
(Increase) in amounts receivable	(271,223)	(28,711)
Increase in accounts payable and accrued liabilities	<u>21,054</u>	<u>57,570</u>
Cash flows from operating activities	<u>(323,069)</u>	<u>(33,891)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration property expenditures	<u>(315,282)</u>	<u>(193,536)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of private placement units for cash	-	500,000
Exercise of options	5,000	-
Exercise of warrants	452,000	683,333
Shares to be issued	<u>-</u>	<u>(495,000)</u>
Cash flows from financing activities	<u>457,000</u>	<u>688,333</u>
Net increase (decrease) in cash	(181,351)	460,906
Cash, beginning of year	<u>3,361,333</u>	<u>826,448</u>
Cash, end of period	<u><u>3,179,982</u></u>	<u><u>1,287,354</u></u>
SUPPLEMENTARY INFORMATION:		
Interest paid	-	-
Taxes paid	-	-
Common shares issued for option on exploration property (Note 3(b))	69,000	-
Change in accrued exploration property expenditures	(2,908)	62,850

See accompanying notes to the financial statements.

DURAN VENTURES INC.
(A Development Stage Company)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2008
(Unaudited-Prepared by Management)

1. BASIS OF PRESENTATION AND ONGOING OPERATIONS

Duran Ventures Inc. (the "Company") is a publicly listed company incorporated in British Columbia. 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 North and South America and considers itself to be a development stage company, as defined by the Canadian Institute of Chartered Accountants Accounting Guideline 11. The Company's head office is located in Canada and substantially all of the Company's operating expenses are incurred in Canada.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values. Some of the Company's exploration properties are located outside of Canada and are subject to the risk of foreign investment, including increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and political uncertainty.

The Company believes that it has sufficient funds to pay its ongoing administrative expenses and to meet its liabilities as they fall due, to fund cash payments as discussed in Note 3, and to fund current planned exploration programs. The Company has a working capital balance of \$3,477,682 (2007 - \$1,298,381) as at March 31, 2008.

These unaudited financial statements have been prepared on a going concern basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada and their basis of application is consistent with that of the previous year, except as disclosed. Outlined below are those policies considered particularly significant:

New Accounting Pronouncements

Effective January 1, 2007, the Company adopted the following new accounting standards, issued by the Canadian Institute of Chartered Accountants ("CICA") relating to financial instruments. The new standard has been adopted on a prospective basis with no restatement of prior period financial statements.

(i) Financial Instruments

CICA Handbook Section 3855 – *Financial Instruments – Recognition and Measurement*

This standard prescribes when a financial asset, financial liability, or non-financial derivative is to be recognized on the balance sheet and whether fair value or cost-based methods are used to measure the recorded amounts. It also specifies how financial instrument gains and losses are to be presented.

Effective January 1, 2007, the Company's investments in marketable securities have been classified as available-for-sale and are recorded at their fair values on the balance sheet. Fair values are determined directly by reference to published price quotations in an active market. Changes in the fair value of these instruments are reflected in other comprehensive income and included in shareholders' equity on the balance sheet.

DURAN VENTURES INC.
(A Development Stage Company)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2008
(Unaudited-Prepared by Management)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements (continued)

(i) Financial Instruments (continued)

All other financial instruments will be recorded at cost or amortized cost, subject to impairment reviews. The criteria for assessing an other than temporary impairment remain unchanged. Transaction costs incurred to acquire financial instruments are included in the underlying balance. Regular-way purchases and sales of financial assets are accounted for on the trade date.

(ii) Comprehensive Income

CICA Handbook Section 1530 – *Comprehensive Income or (Loss)*

Comprehensive income or (loss) is the change in shareholders' equity during a period from transactions and other events from non-owner sources. This standard requires certain gains and losses that would otherwise be recorded as part of net earnings to be presented in "accumulated other comprehensive income or (loss)" until it is considered appropriate to recognize into net earnings.

(iii) Hedging

Section 3865 specifies the circumstances under which hedge accounting is permissible and how hedge accounting may be performed. As at and during the quarter ended March 31, 2008, the Company had no hedges.

(iv) Accounting Changes

CICA Handbook Section 1506 – *Accounting Changes*

This section prescribes the criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates, and corrections of errors. Under this new standard, when an entity has not applied a new primary source of GAAP that has been issued but is not yet effective, the entity shall disclose this fact and information relevant to assessing the potential impact that application of the new primary source of GAAP will have on the entity's financial statements in the period of initial application, where this information is known or reasonably estimable.

The following standards became effective on January 1, 2008.

(v) Financial Instruments – Disclosures and Presentation

CICA Handbook Section 3862 – *Financial Instruments – Disclosures*

Section 3862 describes the required disclosure of the assessment of the significance of financial instruments for an entity's financial position and performance and of the nature and extent of risks arising from financial instruments to which the entity is exposed and how the entity manages those risks. This section and Section 3863, "Financial Instruments – Presentation" replaced Section 3861, "Financial Instruments – Disclosure and Presentation".

CICA Handbook Section 3863 – *Financial Instruments – Presentation*

This section establishes standards for presentation of financial instruments and non-financial derivatives.

(vi) Capital Disclosures

CICA Handbook Section 1535 – *Capital Disclosures*

This section establishes standards for disclosing information about an entity's capital and how it is managed. It describes the disclosure requirements of the entity's objectives, policies and processes for managing capital, the quantitative data relating to what the entity regards as capital, whether the entity has complied with capital requirements, and, if it has not complied, then consequences of such non-compliance.

DURAN VENTURES INC.
(A Development Stage Company)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2008
(Unaudited-Prepared by Management)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Future accounting changes

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

In January 2006, the CICA Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies are expected to converge with International Financial Reporting Standards ("IFRS") by the end of 2011. The Company continues to monitor and assess the impact of convergence of Canada GAAP and IFRS.

(ii) General Standards of Financial Statement Presentation

The Accounting Standards Board (AcSB) has amended CICA Handbook section 1400 to include requirements to assess an entity's ability to continue as a going concern and to disclose material uncertainties related to events or conditions that may cast doubt upon the entity's ability to continue as a going concern. The amendment is effective for interim and annual financial statements beginning on or after January 1, 2008.

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. Substantially all of the funds are held in a Canadian chartered bank or a financial institution controlled by a Canadian chartered bank. The Company maintains, on average US\$100,000 in an interest bearing account with a major Canadian foreign exchange service provider in order to facilitate immediate wire transfers in the normal course of business. The Company has no exposure to asset-backed commercial paper.

Exploration Properties

Property acquisition costs and related direct exploration costs, less recoveries, are deferred until such time as the properties are either placed into commercial production, sold, determined not to be economically viable, or abandoned. These deferred costs will be amortized on the unit-of-production basis over the estimated useful lives of the properties following the commencement of production, or written off if the properties are sold, allowed to lapse or abandoned. General exploration expenditures, which do not relate to specific resource properties, are written off in the year incurred.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

The cost of exploration properties includes any cash consideration paid, and the fair market value of shares issued, if any, on the acquisition of property interests. Properties acquired under option agreements, whereby payments are made at the sole discretion of the Company, are recorded in the accounts when the payments are made. The recorded amounts of property claim acquisition costs and their related deferred exploration costs represent actual expenditures incurred and are not intended to reflect present or future values. From time-to-time, the Company receives shares and or cash payments from exploration partners pursuant to property option agreements. The carrying value of the exploration properties by country is reduced by option proceeds received until such time as the property cost and deferred exploration expenditures are reduced to nominal amounts, and any excess is included in the statement of operations.

The Company reviews capitalized costs on its property interests on a periodic basis and will recognize impairment in value based upon current exploration results and upon management's assessment of the future probability of profitable revenues from the property or from the sale of the property. Management's assessment of the property's estimated current fair market value may also be based upon a review of other property transactions that have occurred in the same geographic area as that of the property under review.

DURAN VENTURES INC.
(A Development Stage Company)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2008
(Unaudited-Prepared by Management)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Joint Ventures

A portion of the Company's exploration activities is conducted jointly with others wherein the Company enters into agreements that provide for specified percentage interests in mineral properties. Expenditures on these properties are capitalized to exploration properties. Joint venture accounting, which reflects the Company's proportionate interest in exploration properties, is applied by the Company only when the parties have earned their respective interests and enter into formal comprehensive agreements for ownership and exploration participation. Effective January 1, 2008, the Company accounts for its 50% ownership interest in the shares of Minera Aguila De ORO SAC, located in Peru, as its proportionate share of deferred exploration costs.

Foreign Currency Translation

The Canadian dollar is the functional currency of all of the Company's operations. Monetary assets and liabilities are translated into Canadian dollars at exchange rates in effect at the balance sheet date. Non-monetary assets and liabilities are translated at historical exchange rates. Revenues and expenses are translated at the average exchange rate for the period.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. The most significant estimates are related to the recoverability of exploration expenditures and valuation of stock-based compensation. Actual results may differ from those estimates. Management believes that the estimates are reasonable.

3. EXPLORATION PROPERTIES

	December 31, 2006 \$	Additions (Recoveries) \$	Write-off \$	December 31, 2007 \$	Additions (Recoveries) \$	March 31, 2008 \$
a) Peru						
Acquisition costs	270,000	60,000	-	330,000	-	330,000
Deferred exploration expenditures	223,052	1,531,425	-	1,754,477	524,806	2,279,283
Recoveries	-	-	-	-	(262,403)	(262,403)
	<u>493,052</u>	<u>1,591,425</u>	<u>-</u>	<u>2,084,477</u>	<u>262,403</u>	<u>2,346,880</u>
b) Canada						
Acquisition costs	92,477	216,484	-	308,961	120,825	429,786
Deferred exploration expenditures	5,230	118,845	(52,408)	71,667	1,054	72,721
Recoveries	-	(20,000)	-	(20,000)	-	(20,000)
Option payments - received	(97,707)	(33,000)	-	(130,707)	-	(130,707)
	<u>-</u>	<u>282,329</u>	<u>(52,408)</u>	<u>229,921</u>	<u>121,879</u>	<u>351,800</u>
c) USA						
Acquisition costs	28,570	-	(28,570)	-	-	-
Deferred exploration expenditures	1,581	10,590	(12,171)	-	-	-
	<u>30,151</u>	<u>10,590</u>	<u>(40,741)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Exploration Properties	<u>523,203</u>	<u>1,884,344</u>	<u>(93,149)</u>	<u>2,314,398</u>	<u>384,282</u>	<u>2,698,680</u>

DURAN VENTURES INC.
(A Development Stage Company)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2008
(Unaudited-Prepared by Management)

3. EXPLORATION PROPERTIES (continued)

(a) PERU:

During 2003, the Company entered into an agreement in principle with MacMillan Gold Corp. ("MacMillan"), which was amended in December 2006, to option a 50% interest in MacMillan's Aguila Project located in north central Peru. The Aguila Project includes the 100-hectare El Halcon concession and the 1,000-hectare Pasacancha 1 concessions held by MacMillan. The earn-in agreement requires total cash payments of \$80,000 (paid), cumulative qualified expenditures of US\$1,000,000 (completed), and the issuance of 1,000,000 common shares of the Company (issued December 2006). The Company is the operator of the project. Four officers and a director of the Company were also officers of MacMillan at March 31, 2008.

Letter of Intent ("LOI") between the Company and MacMillan

On March 31, 2008, the Company signed a LOI to acquire the remaining 50% interest (the "acquisition") of this Peruvian property.

The acquisition of the remaining 50% interest in this Peruvian property would be effected by way of a three-cornered amalgamation pursuant to which MacMillan would amalgamate with a newly incorporated, wholly owned subsidiary of the Company. Prior to the acquisition, MacMillan would spin-out its Mexican properties so that at the time of the amalgamation, MacMillan's sole material asset would be its 50% interest in the Peru property. Under the terms of the LOI, all of the outstanding common shares of MacMillan will be exchanged for common shares of the Company on the basis of 0.5 of the Company's common shares for each MacMillan common share held.

The proposed combination is subject to a definitive agreement and to shareholder and regulatory approvals.

Each of MacMillan and the Company has committed to \$150,000 being deposited in trust (the "Deposit") to be returned to each party upon receipt of shareholder approval. In the event that one of the parties does not obtain shareholder approval on or before August 31, 2008 (the "Completion Deadline"), such party shall forfeit their Deposit if the other party has obtained shareholder approval on or prior to the Completion Deadline.

Each of MacMillan and the Company also committed to deposit an additional \$375,000 in trust (for an aggregate of \$750,000, the "Break Fee"). If either party is unable to complete the combination on or prior to the Completion Deadline after receiving the necessary shareholder approvals, then the other party will be entitled to the Break Fee. Either party may elect to terminate the acquisition and receive the Break Fee if there is a material change in the board of directors (a change of 50% or more of the directors) of the other party, which the terminating party deems unacceptable to them at their sole discretion.

As at March 31, 2008, the Company recorded a \$262,403 receivable from MacMillan for its 50% share of exploration expenditures incurred from January 1, 2008 to March 31, 2008. Upon successful completion of the proposed business combination with MacMillan, the related receivable will be eliminated upon consolidation.

(b) CANADA:

During 2006, the Company staked six contiguous blocks of claims covering 30,151 hectares located in the Athabasca Basin in northern Saskatchewan. This property covers portions of the Athabasca Basin along trend from numerous previously developed uranium targets. During 2007, this property was optioned to RPT Uranium Corp. ("RPT") (formerly "Rampart Ventures Inc."), giving RPT the right to earn a 70% working interest in this property. Under the terms of the agreement, RPT was required to pay the Company \$100,000 in cash (received) and issue 500,000 RPT common shares, with 200,000 common shares issuable upon closing (received- see Note 6), and 100,000 common shares due on November 30, 2007, 2008, and 2009 (100,000 received). RPT was also required to spend a cumulative \$3,000,000 on exploration activities on the property over five years with the first \$400,000 to be spent by February 10, 2008. The Company had the right of first refusal on any offer to acquire RPT's rights under this option agreement.

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FOR THE THREE MONTHS ENDED MARCH 31, 2008
(Unaudited-Prepared by Management)

3. EXPLORATION PROPERTIES (continued)

(b) CANADA (continued):

If RPT did not complete the 70% earn-in, the property and any new properties acquired in a defined area of interest would revert 100% back to the Company. Subsequent to three month period ended March 31, 2008, the Company was notified by RPT that they wished to terminate the signed option agreement (see Note 8(d)).

During 2007, the Company entered into an option agreement with an arm's length party to acquire a 100% interest in the JD Property in the Toadoggone area of British Columbia, Canada. The property is located immediately north of the Toadoggone River in northern B.C. and consists of 8 claim blocks encompassing an area of 5,611 hectares. Under the terms of the agreement, the Company is required to spend \$2,000,000 in exploration activities over a five year period, make a series of cash payments totaling \$250,000 (\$35,000 paid) over a four year period, issue 200,000 common shares of the Company (issued and valued at \$180,000) and pay the vendors four anniversary payments of \$100,000 each or the equivalent in common shares of the Company. The property will then become subject to a 2.5% Net Smelter Royalty ("NSR") payable to the vendors. The NSR can be reduced to 1.0% for a payment of \$1,500,000 to the vendors prior to the commencement of commercial production, or \$3,000,000 thereafter.

In March 2008, the Company signed a letter of intent to acquire a 100% interest in certain mineral claims located in New Brunswick. Under the terms of the agreement, the Company can earn a 100% interest in the properties by making aggregate cash payments of \$250,000 (\$50,000 paid), issuing \$269,000 worth of common shares (50,000 shares issued) and incurring cumulative exploration expenditures of \$250,000 before March 31, 2011. The properties will be subject to a 2% Net Smelter Royalty.

The Company continually investigates new mineral projects. The associated costs have been reported as deferred exploration expenditures. These expenditures are written-off if the property is abandoned. At each fiscal year-end, management evaluates each property and will write-off accumulated exploration expenditures of projects deemed inactive.

4. CAPITAL STOCK, COMMON SHARE OPTIONS AND WARRANTS

a) Authorized

100,000,000 common shares without par value
100,000,000 preferred shares without par value

b) Common Shares Issued

	<u>Shares</u>	<u>Amount</u>
	#	\$
Balance, December 31, 2007	25,442,793	7,682,993
Issued on property option agreement (Note 3(b))	50,000	69,000
Issued on exercise of warrants	1,219,000	452,000
Value assigned to exercised warrants	-	64,250
Issued on exercise of options	20,000	5,000
Value assigned to exercised options	<u>-</u>	<u>2,830</u>
Balance, March 31, 2008*	<u>26,731,793</u>	<u>8,276,073</u>

* Subsequent to three month period ended, additional shares were issued (See Notes 8(a) and 8(c)).

During the three months ended March 31, 2008, all remaining warrants outstanding (1,180,000) issued February 16, 2007 were exercised at \$0.35 per warrant for proceeds of \$413,000 to the Company. An additional 39,000 broker warrants issued on July 20, 2007 were exercised at \$1.00 per warrant for proceeds of \$39,000. During the three months ended March 31, 2008, 20,000 options issued December 21, 2006 were exercised at \$0.25 per option for proceeds of \$5,000 to the Company.

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4. CAPITAL STOCK, COMMON SHARE OPTIONS AND WARRANTS (continued)

c) Common Share Options and Stock-Based Compensation

In 2003, the Company adopted a stock option plan approved by the shareholders. The continuance of the stock option plan was approved by shareholders at the June 29, 2007 Annual General and Special Meeting of Shareholders. The purpose of the plan is to encourage directors, officers, employees and consultants of the Company to acquire common shares of the Company. Under the Company stock option plan the aggregate number of common 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 for the common shares subject thereto 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.

A summary of changes in stock options during the quarter ended March 31, 2008 is as follows:

	Number of Options #	Weighted average exercise price \$
Balance, December 31, 2007	2,542,350	0.55
Exercised	<u>(20,000)</u>	<u>0.25</u>
Balance, March 31, 2008	<u>2,522,350</u>	<u>0.55</u>

As at March 31, 2008, the following options granted to directors, officers, employees, and key consultants of the Company remain outstanding:

<u>Date of Grant</u>	<u>Options Granted</u> #	<u>Options Vested</u> #	<u>Options Outstanding</u> #	<u>Exercise Price</u> \$	<u>Expiry Date</u>
December 2006	1,564,850	1,251,880	1,544,850	0.25	December 21, 2009*
September 2007	927,500	278,250	927,500	1.00	September 5, 2010
December 2007	<u>50,000</u>	<u>7,500</u>	<u>50,000</u>	1.50	December 31, 2010
	<u>2,542,350</u>	<u>1,537,630</u>	<u>2,522,350</u>		

* Subsequent to the three month period ended, some of these options were exercised (see Note 8 (a)).

The fair value each option is estimated on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions: expected dividend yield of 0% (2006 - 0%); expected volatility of 124% (2006 - 92%); risk-free interest rate of 4.23% (2006 - 3.75%); and an expected life of 3 years (2006 - 3 years). The 2006 options are amortized using the graded vesting method. All subsequent options are amortized using the straight-line method. All options are amortized over the 18-month vesting period. The fair value of each option is accounted for in operations over the vesting period, and the related credit is included in contributed surplus.

The Black-Scholes option pricing model used by the Company to determine fair values was developed for use in estimating the value of freely traded options, which are fully transferable. The Company's stock options are not transferable, cannot be traded and are subject to exercise restrictions, which would tend to reduce the fair value of the Company's stock options. Changes to subjective input assumptions used in the model can cause a significant variation in the estimate of the fair value of the options.

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4. CAPITAL STOCK, COMMON SHARE OPTIONS AND WARRANTS (continued)

d) Warrants

A summary of changes in warrants during the quarter ended March 31, 2008 is as follows:

	<u>Warrants</u>	<u>Amount</u>	<u>Weighted average_</u> <u>exercise price</u>
	#	\$	\$
Balance, December 31, 2007	3,096,015	642,325	1.05
Exercised	<u>(1,219,000)</u>	<u>(64,250)</u>	<u>0.37</u>
Balance, March 31, 2008	<u>1,877,015</u>	<u>578,075</u>	<u>1.47</u>

As at March 31, 2008, the following warrants remain outstanding:

<u>Date of Issuance</u>	<u>Warrants</u> <u>Granted</u>	<u>Exercise</u> <u>Price</u>	<u>Expiry Date</u>
	#	\$	
July 20, 2007	1,753,500	1.50	January 20, 2009
July 20, 2007	<u>123,515</u>	1.00	January 20, 2009
	<u>1,877,015</u>		

As a result of the \$3,707,000 private placement in July 2007, the Company issued 1,853,500 warrants and 162,515 broker warrants to purchase common shares of the Company at a price of \$1.50 and \$1.00 respectively until January 20, 2009. 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 assumptions: expected dividend yield of 0%; expected volatility of 104%; risk-free interest rate of 4.65% and an expected life of eighteen months.

e) Escrow Shares

As at March 31, 2008 and December 31, 2007, there were 348,133 common shares issued to a director and officer of the Company, which are held in escrow subject to the direction or determination of certain regulatory authorities.

f) Contributed Surplus

	<u>March 31,</u> <u>2008</u>	<u>December 31,</u> <u>2007</u>
	\$	\$
Balance, beginning of year	399,000	79,000
Value of exercised options	(2,830)	-
Stock options vested during the period	<u>120,000</u>	<u>320,000</u>
Balance, end of the period	<u>516,170</u>	<u>399,000</u>

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5. RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2008, management and consulting fees of \$28,274 (2007 - \$15,000) and rent of \$7,500 (2007 - \$7,500) were paid to officers and directors or companies controlled by them. Included in amounts receivable as at March 31, 2008, were advances aggregating \$16,265 (2007 - \$NIL) made to these individuals.

During the three months ended March 31, 2008, the Company was charged an additional \$40,801 (2007 - \$10,167) for consulting fees provided by officers and directors of the company that were charged to exploration properties expenditures. Included in accounts payable and accrued liabilities at March 31, 2008 is \$7,036 (2007 - \$10,600) owing to these related parties.

The above transactions were in the normal course of business and were measured at the exchange amount which is the amount agreed to by the related parties.

6. MARKETABLE SECURITIES

As part of RPT's 70% earn-in option agreement on the Company's Saskatchewan uranium property (See Note 3(b)), the Company received 200,000 common shares of RPT in 2006 and 100,000 common shares in 2007. The cost of these marketable securities at the date of receipt was \$0.32 per share, or \$64,000, in 2006 and \$0.33 per share or \$33,000 in 2007. As at March 31, 2008, these shares were written down by \$49,000 to its quoted market value of \$48,000, or \$0.16 per share (see Note 8(b) and 8(d)).

7. FINANCIAL INSTRUMENTS

Fair Value

Canadian generally accepted accounting principles require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying amounts for cash, amounts receivable, marketable securities, and accounts payable and accrued liabilities on the balance sheet approximate fair value because of the limited term of these instruments. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Risk Management

The Company may be exposed to risks of varying degrees of significance that could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management process are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

Capital Risk

The Company manages its capital to ensure that there are adequate capital resources for the Company to maintain title to and explore its mineral properties.

Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Company's liquid assets at March 31, 2008 were \$3,550,943, consisting of cash of \$3,179,982, marketable securities of \$48,000, and amounts receivable of \$322,961. Management believes that it has sufficient funds to meet its current liabilities as they become due.

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7. FINANCIAL INSTRUMENTS (continued)

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.

Foreign Exchange Risk

The Company's financings are in Canadian dollars. Certain of the Company's expenses are incurred in foreign currencies and are therefore subject to gains or losses due to fluctuations in exchange rates. As at March 31, 2008, the Company had cash balances of \$236,138 in US currency.

8. SUBSEQUENT EVENTS

a) Options

Subsequent to March 31, 2008, there were 75,000 options exercised at \$0.25 per share for gross proceeds of \$18,750 to the Company. In addition, 125,000 options granted to a consultant expired on April 28, 2008 as a result of the termination of the consulting engagement. An additional 200,000 options expired on April 18, 2008, also as a result of the termination of two consulting relationships with the Company due to actions by the individuals, which were in direct violation of conditions under which the stock options were granted.

b) Marketable Securities

Subsequent to March 31, 2008, the Company sold all 300,000 RPT common shares held for gross proceeds of \$45,385.

c) Private Placement

Subsequent to March 31, 2008, the Company completed a private placement of 1,000,000 units at \$1.00 per unit for gross proceeds of \$1,000,000. Each unit consisted of one common share and one half-share purchase warrant. Each full warrant entitles the holder to obtain one common share of the Company for \$1.50 for a period of eighteen months from the date of closing. The entire private placement was subscribed for by a corporation with four officers in common with the Company.

d) Notice of termination of RPT Option Agreement for Saskatchewan property

Subsequent to March 31, 2008, the Company received written notification from RPT Uranium Corporation of its intention to terminate the option agreement as described in Note 3(b).

e) Joint Venture

Subsequent to March 31, 2008, the Company and MacMillan have each appointed three non-executive directors to complete a formal joint venture agreement with respect to the Peruvian property described in Note 3(a). Expenditures on this property from January 1, 2008 onwards will be funded by the Company and MacMillan on a 50:50 basis. Commencing on January 1, 2008, the Company accounts for its 50% interest in the joint venture by proportionately consolidating its share of deferred exploration expenditures.