

DURAN VENTURES INC.
(A Development Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

**DURAN VENTURES INC.
(A Development Stage Company)**

CONSOLIDATED FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Duran Ventures Inc.

We have audited the accompanying consolidated financial statements of Duran Ventures Inc. and its subsidiaries, which comprise the consolidated balance sheets as at December 31, 2010 and 2009, and the consolidated statements of operations, consolidated statements of comprehensive loss, consolidated statements of accumulated other comprehensive income, consolidated statements of shareholders' equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Duran Ventures Inc. and its subsidiaries as at December 31, 2010 and 2009, and their financial performance and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

McGOVERN, HURLEY, CUNNINGHAM, LLP

Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
April 21, 2011

	2010 \$	2009 \$
ASSETS		
CURRENT		
Cash	6,002,801	772,964
Marketable securities (Note 5)	90,000	-
Prepaid expenses and advances	12,094	49,378
Amounts receivable (Note 8)	21,574	6,763
	<u>6,126,469</u>	<u>829,105</u>
EXPLORATION PROPERTIES (Note 3)	<u>11,458,363</u>	<u>8,118,265</u>
	<u>17,584,832</u>	<u>8,947,370</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 8)	222,925	117,672
FUTURE TAX LIABILITY (Note 6(b))	421,300	-
	<u>644,225</u>	<u>117,672</u>
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (Note 4(b))	43,365,227	35,592,626
WARRANTS (Note 4(d))	1,465,046	664,101
CONTRIBUTED SURPLUS (Note 4(f))	4,412,312	3,752,639
ACCUMULATED OTHER COMPREHENSIVE INCOME	39,375	-
DEFICIT	(32,341,353)	(31,179,668)
	<u>(32,301,978)</u>	<u>(31,179,668)</u>
	<u>16,940,607</u>	<u>8,829,698</u>
	<u>17,584,832</u>	<u>8,947,370</u>
ONGOING OPERATIONS (Note 1)		
COMMITMENTS (Note 3)		
CONTINGENT LIABILITIES (Note 12)		
APPROVED ON BEHALF OF THE BOARD:		
<i>Signed "Joseph Del Campo" , Director</i>		
<i>Signed "John P. Thompson" , Director</i>		

DURAN VENTURES INC.
(A Development Stage Company)
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31,

	2010	2009
	\$	\$
EXPENSES		
Stock-based compensation (Note 4(c))	401,000	480,000
Management, director and consulting fees (Note 8)	163,970	184,048
General and administrative	171,690	127,320
Investor relations	229,671	128,275
Professional fees (Note 7)	159,729	103,688
Rent	41,250	28,000
Exploration property expenditures written-off (Note 3(b))	-	157,921
Loss before the under-noted	1,167,310	1,209,252
Interest income	-	(2,139)
LOSS FOR THE YEAR BEFORE INCOME TAXES	1,167,310	1,207,113
FUTURE INCOME TAX RECOVERY (Note 6(a))	(5,625)	-
NET LOSS FOR THE YEAR	1,161,685	1,207,113
Loss per share – basic and diluted	<u>0.01</u>	<u>0.02</u>
Weighted average number of common shares outstanding	<u>107,622,193</u>	<u>70,951,734</u>

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED DECEMBER 31,

	2010 \$	2009 \$
Net loss for the year	(1,161,685)	(1,207,113)
Other comprehensive income	<u>39,375</u>	<u>-</u>
COMPREHENSIVE LOSS	<u>(1,122,310)</u>	<u>(1,207,113)</u>

DURAN VENTURES INC.
(A Development Stage Company)

CONSOLIDATED STATEMENTS OF ACCUMULATED OTHER COMPREHENSIVE INCOME ("AOCI")
FOR THE YEARS ENDED DECEMBER 31,

	2010 \$	2009 \$
Accumulated other comprehensive income at beginning of year	-	-
Unrealized gain on marketable securities, net of future income tax of \$5,625 (2009 - \$Nil)	<u>39,375</u>	<u>-</u>
Accumulated other comprehensive income at end of year	<u>39,375</u>	<u>-</u>

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31,

	Common Shares		Warrants		Contributed Surplus \$	Accumulated Other Comp. Income ("AOCI") \$	Deficit \$	Total Deficit And "AOCI" \$	Total Shareholders' Equity \$
	Shares #	Amount \$	Number #	Amount \$					
Balance, December 31, 2008	58,861,512	33,898,027	2,377,015	745,075	2,527,564	-	(29,972,555)	(29,972,555)	7,198,111
Issued for cash	30,672,500	1,469,694	30,672,500	680,400	-	-	-	-	2,150,094
Issued as finder's fee	1,202,600	100,856	-	-	-	-	-	-	100,856
Issued on property option agreement	50,000	5,000	-	-	-	-	-	-	5,000
Warrants exercised	1,015,000	119,049	(1,015,000)	(16,299)	-	-	-	-	102,750
Warrants expired	-	-	(2,377,015)	(745,075)	745,075	-	-	-	-
Stock-based compensation expense	-	-	-	-	480,000	-	-	-	480,000
Net loss	-	-	-	-	-	-	(1,207,113)	(1,207,113)	(1,207,113)
Balance, December 31, 2009	91,801,612	35,592,626	29,657,500	664,101	3,752,639	-	(31,179,668)	(31,179,668)	8,829,698
Issued for cash	49,553,000	4,592,482	24,776,500	1,126,000	-	-	-	-	5,718,482
Issued as finder's fee	-	-	3,220,945	194,285	-	-	-	-	194,285
Issued on business combination	9,393,346	1,268,102	-	-	-	-	-	-	1,268,102
Warrants exercised	16,451,000	1,912,017	(16,451,000)	(260,667)	-	-	-	-	1,651,350
Warrants expired	-	-	(8,084,000)	(258,673)	258,673	-	-	-	-
Stock-based compensation expense	-	-	-	-	401,000	-	-	-	401,000
Unrealized gain on marketable securities	-	-	-	-	-	39,375	-	39,375	39,375
Net loss	-	-	-	-	-	-	(1,161,685)	(1,161,685)	(1,161,685)
Balance, December 31, 2010	167,198,958	43,365,227	33,119,945	1,465,046	4,412,312	39,375	(32,341,353)	(32,301,978)	16,940,607

See accompanying notes to the consolidated financial statements.

DURAN VENTURES INC.
(A Development Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	2010 \$	2009 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year from continuing operations	(1,161,685)	(1,207,113)
Add items not requiring cash:		
Write-off of exploration expenditures	-	157,921
Stock-based compensation	401,000	480,000
Future income tax recovery (Note 6(a))	(5,625)	-
Change in non-cash operating working capital:		
Decrease (increase) in prepaids and advances	37,284	(34,924)
(Increase) decrease in amounts receivable	(14,811)	76,710
Increase (decrease) in accounts payable and accrued liabilities	105,929	(242,936)
Cash flows from operating activities	<u>(637,908)</u>	<u>(770,342)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration property expenditures	(1,697,213)	(1,820,484)
Cash acquired on business combination (Note 7)	841	-
Cash flows from investing activities	<u>(1,696,372)</u>	<u>(1,820,484)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of private placement units for cash	6,441,890	2,337,250
Finder's fees	(418,723)	(86,300)
Issue costs	(110,400)	-
Exercise of warrants	1,651,350	102,750
Cash flows from financing activities	<u>7,564,117</u>	<u>2,353,700</u>
Increase (decrease) in cash	5,229,837	(237,126)
Cash, beginning of year	772,964	1,010,090
Cash, end of year	<u>6,002,801</u>	<u>772,964</u>
SUPPLEMENTARY INFORMATION:		
Common shares received for interest in exploration property (Note 3(a))	45,000	-
Common shares issued for option on exploration property (Note 3(b))	-	5,000
Common shares issued as finders' fees (Note 4(b)(i))	-	100,856
Warrants issued for services (Note 4(b)(ii))	194,285	-
Common shares issued pursuant to business combination (Notes 3(a) and 7)	1,268,102	-
Change in accrued exploration property expenditures	(676)	(281,407)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

1. BASIS OF PRESENTATION AND ONGOING OPERATIONS

Duran Ventures Inc. (the "Company" or "Duran") 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 North and South America and considers itself to be a development stage company, as defined by the Canadian Institute of Chartered Accountants ("CICA") 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. Substantially all 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.

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.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern. 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 future financing efforts will be successful or if the Company will attain profitable levels of operation. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its commitments in other than the normal course of business and at amounts different from those in the accompanying consolidated financial statements. Such adjustments could be material. The Company believes that it has adequate funds available to meet its corporate and administrative obligations and minimum property expenditures for the coming year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated 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 where disclosed below. Outlined below are those policies considered particularly significant:

New Accounting Policies

Effective January 1, 2010, the Company adopted the following new accounting standards, issued by the CICA.

(i) Section 1582 – Business Combinations

CICA Handbook Section 1582 "Business Combinations", replaces Section 1581 - "Business Combinations" and provides the Canadian equivalent to IFRS 3 - Business Combinations. This applies to a transaction in which the acquirer obtains control of one or more businesses. Most assets acquired and liabilities assumed, including contingent liabilities that are considered to be improbable, will be measured at fair value. Any interest in the acquiree owned prior to obtaining control will be remeasured at fair value at the acquisition date, eliminating the need for guidance on step acquisitions. Additionally, a bargain purchase will result in recognition of a gain and acquisition costs must be expensed. The Company early adopted this standard on January 1, 2010 in accordance with the transitional provisions. See Note 7.

Continued...

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Policies (Continued)

- (ii) **Section 1601 – Consolidated Financial Statements and Section 1602 – Non-Controlling Interests**
CICA Handbook Section 1601 “Consolidated Financial Statements” and Section 1602 “Non-Controlling Interests” replace Section 1600 “Consolidated Financial Statements”. Section 1602 provides the Canadian equivalent to International Accounting Standard 27 - “Consolidated and Separate Financial Statements”, for non-controlling interests. The Company early adopted these standards on January 1, 2010 in accordance with the transitional provisions. The adoption of these standards did not have a material impact on the Company’s consolidated financial statements.

Future Accounting Changes

(iii) **International Financial Reporting Standards (“IFRS”)**

In February 2008, the CICA announced that Canadian generally accepted accounting principles for publicly accountable enterprises will be replaced by International Financial Reporting Standards (“IFRS”) for fiscal years beginning on or after January 1, 2011. Companies will be required to provide IFRS comparative information for the previous fiscal year. Accordingly, the conversion from Canadian GAAP to IFRS will be applicable to the Company’s reporting for the first quarter of 2011 for which the current and comparative information will be prepared under IFRS. The Company is required to apply all of those IFRS standards which are effective for fiscal year ending December 31, 2011 and apply them to its opening January 1, 2010 balance sheet.

The Company has substantially completed the conversion process as at the transition date of January 1, 2011.

Other Accounting Policies

Principles of Consolidation

These 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-
corporate transactions are eliminated on consolidation.

Financial Instruments

Cash and amounts receivable are classified as loans and receivables, which are measured at amortized cost. Marketable securities have been classified as available-for-sale and are recorded at their fair values with changes in fair value included in other comprehensive (loss) income until the asset is removed from the balance sheet or until impairment is assessed as other than temporary. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

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. All other non-derivative financial instruments were recorded at amortized cost, subject to impairment reviews.

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 December 31, 2010 and 2009, the Company did not have any cash equivalents.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Accounting Policies (Continued)

Asset Retirement Obligations

Pursuant to the CICA Handbook Section 3110, "Asset Retirement Obligations", the fair values of asset retirement obligations are recorded as liabilities on a discounted basis when they are incurred. Amounts recorded for the related assets are increased by the amount of these obligations. Over time, the liabilities will be accreted for the change in their present value and the initial capitalized costs will be depleted and amortized over the useful lives of the related assets. The Company did not have any material asset retirement obligations as of December 31, 2010 and 2009.

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 charged to operations in the year incurred.

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 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 whenever events or changes in circumstances indicate that its carrying amount may not be recoverable and will recognize an 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.

Joint Ventures

A portion of the Company's exploration activities may be 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.

Stock-Based Compensation

The Company has adopted an incentive stock option plan, which is described in Note 4(c)). The Company follows the recommendations of the CICA Handbook Section 3870, "Stock-based Compensation and Other Stock-based Payments". This Section establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services. These recommendations require that compensation for all awards be measured and recorded in the financial statements at their fair value. The fair value of each option is accounted for over the vesting period of the options, and the related credit is included in contributed surplus. Upon the exercise of stock options, consideration paid and the fair value amounts previously credited to contributed surplus are recorded as share capital.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Income taxes are calculated using the asset and liability method of tax accounting. Under this method, current income taxes are recognized for the estimated income taxes payable for the current period. Future income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and on unclaimed losses carried forward and are measured using the enacted or substantively enacted tax rates that will be in effect when the differences are expected to reverse or losses are expected to be utilized. A valuation allowance is recognized to the extent that the recoverability of future income tax assets is not considered more likely than not.

Foreign Currency Translation

The Company's subsidiaries are integrated foreign operations and their accounts are translated using the temporal method. The Canadian dollar is the functional and reporting 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 with the resulting exchange gains or losses recognized in operations.

Loss Per Share

Basic loss per share is calculated using the weighted average number of shares outstanding. Diluted loss per share is calculated using the treasury stock method. In order to determine diluted loss per share, the treasury stock method assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted loss per share calculation. The diluted loss per share calculation excludes any potential conversion of options and warrants that would increase earnings per share or decrease loss per share. See Notes 4(c) and (d) for potentially dilutive securities as at December 31, 2010 and 2009. As at December 31, 2010 and 2009, the outstanding stock options and warrants were not included in the computation of the diluted loss per share because the effect was anti-dilutive.

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 properties, and valuation of stock-based compensation, warrants, asset retirement obligations and future tax assets and liabilities. Actual results may differ from those estimates and these differences could be material. Management believes that the estimates are reasonable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

3. EXPLORATION PROPERTIES

	December 31, 2008 \$	Additions (Recoveries) \$	Write-off \$	December 31, 2009 \$	Additions (Recoveries) \$	December 31, 2010 \$
a) Peru						
Acquisition	330,000	16,425	-	346,425	1,746,153	2,092,578
Deferred exploration expenditures	6,272,048	1,531,810	-	7,803,858	1,923,268	9,727,126
Recoveries	-	(32,018)	-	(32,018)	(329,323)	(361,341)
	<u>6,602,048</u>	<u>1,516,217</u>	<u>-</u>	<u>8,118,265</u>	<u>3,340,098</u>	<u>11,458,363</u>
b) Canada						
Acquisition costs	213,302	30,000	(243,302)	-	-	-
Deferred exploration expenditures	67,466	1,220	(68,686)	-	-	-
Recoveries	(20,000)	(3,360)	23,360	-	-	-
Option payments - received	(130,707)	-	130,707	-	-	-
	<u>130,061</u>	<u>27,860</u>	<u>(157,921)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Exploration Properties	<u>6,732,109</u>	<u>1,544,077</u>	<u>(157,921)</u>	<u>8,118,265</u>	<u>3,340,098</u>	<u>11,458,363</u>

(a) PERU

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 Pasacancha Project), the KFC concession and 24 additional staked exploration claims, including the 10 concession Corongo property described below.

Corongo Property - Property Option

In March 2009, the Company signed a Letter Agreement with Centurion Minerals Ltd. ("Centurion"), an arm's length corporation whereby the Company granted Centurion the right to earn up to a 60% interest in the 10 concession Corongo property in Ancash, Peru. The Company received a non-refundable commitment fee of US\$25,000 (\$32,018) due upon execution of the Letter Agreement as an advance towards Centurion's first year exploration expenditure commitment. In April 2009, Centurion notified the Company that it would not proceed with the Corongo Property Option. The Company applied the US\$25,000 non-refundable commitment fee as a recovery to Peru exploration properties and retains 100% control of the Corongo Properties, subject to the property option agreement with Viper Gold Ltd. (formerly LeBoldus Capital Inc.) ("Viper") as described below.

In March 2010, the Company signed a property option agreement with Viper, whereby Viper can acquire a 50% interest in the Corongo Property. Under the terms of the agreement, Viper may acquire a 50% interest by paying the Company US\$25,000 (paid - \$25,348) on signing the agreement; incurring an aggregate amount of US\$1,000,000 in exploration expenditures over two years; and issuing the Company an aggregate amount of 1,000,000 common shares by March 17, 2012, subject to regulatory approval. The Company will receive a 10% management fee based on exploration expenditures.

In August 2010, the agreement was amended to modify the payment schedule and make Viper the operator of the project. Under the amended terms, Viper is required to spend US\$250,000 (spent - \$258,975) on or before October 31, 2010 and a further US\$750,000 between August 17, 2011 and prior to March 17, 2012. On August 17, 2010 Viper issued 300,000 common shares (valued at \$45,000) to Duran. See Note 13 Subsequent Events.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

3. EXPLORATION PROPERTIES (Continued)

(a) PERU (Continued)

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"). Effective June 21, 2010, the Company entered into a definitive amalgamation agreement (the "Amalgamation Agreement") with Double Jack, whereby Double Jack amalgamated with a wholly owned subsidiary of the Company. Pursuant to the terms of the Amalgamation Agreement, the Company was required to issue \$1,200,000 worth of Duran common shares to the shareholders of Double Jack as consideration, such Duran shares to be valued at the average closing price for the twenty day period ending immediately prior to closing of the acquisition of the Double Jack Properties, subject to a minimum issuance of 6,000,000 and a maximum of 12,000,000 Duran shares.

On July 8, 2010, the Company completed the acquisition of the Double Jack Properties and received regulatory approval to close the transaction. Pursuant to the terms of the Amalgamation Agreement, the Company issued 9,393,346 common shares to the Double Jack shareholders as consideration (see Note 7).

The Double Jack Properties include the Panteria porphyry copper project, the Ichuña copper-silver 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. The Company agreed to complete exploration expenditures of US\$100,000 (completed - \$105,401) on the Panteria Property by May 31, 2010 and reimburse Double Jack for 2009 maintenance fees of US\$15,000 (\$16,425 - paid).

Minasnioc Property

The Company acquired the Minasnioc Gold Project in a closed-bid government auction on May 20, 2010, and paid an aggregate amount of Peruvian Nuevo Soles ("S/.") S/.194,085 (\$69,859) and finder's fees of \$2,614. 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.

(b) CANADA

New Brunswick

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 could earn a 100% interest in the properties by making aggregate cash payments of \$250,000 (\$75,000 paid), issuing 50,000 common shares within 10 days of regulatory approval (issued in 2008 and valued at \$69,000), \$200,000 worth of common shares by March 31, 2011 (50,000 issued in 2009 and valued at \$5,000), and incurring cumulative exploration expenditures of \$250,000 before March 31, 2011. The properties would be subject to a 2% Net Smelter Royalty.

In 2009, the terms of the agreement were amended to reflect current market conditions. The \$200,000 worth of common shares due by March 31, 2011 was amended to 200,000 common shares due by March 31, 2011. Extensions were also granted for the remaining cash payments of \$175,000 and cumulative spending requirement of \$250,000 originally due by March 31, 2011, to September 30, 2011. In December 2009, the Company terminated this option agreement and wrote off the related exploration expenditures.

Miller Creek Uranium Project, Saskatchewan, Canada

In May 2006, the Company announced the acquisition of the Miller Creek Uranium Project located in the Athabasca Basin in northern Saskatchewan. The Miller Creek Uranium Project was acquired after conducting a geological assessment of the available areas within the Athabasca Basin that have indicated uranium exploration potential. The property covers part of the northwest sector of the Athabasca Basin along trend from numerous previously developed uranium targets. In 2009, the Company decided not to proceed with any further exploration work on this project in order to focus on its properties in Peru, and wrote off the related exploration expenditures. On July 9, 2010, the Company allowed these claims to lapse.

Continued...

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

4. CAPITAL STOCK, COMMON SHARE OPTIONS AND WARRANTS

a) Authorized

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

b) Common Shares Issued

	Shares #	Amount \$
Balance, December 31, 2008	58,861,512	33,898,027
Issued on property option agreement (Note 3(b))	50,000	5,000
Issued on exercise of warrants (i)	1,015,000	102,750
Value assigned to exercised warrants	-	16,299
Issued in private placements (net of share issue costs) (i)	30,672,500	2,150,094
Issued as finder's fee (i)	1,202,600	100,856
Value assigned to warrants issued in private placements, net of costs (Note 4(d))	-	(680,400)
Balance, December 31, 2009	91,801,612	35,592,626
Issued pursuant to business combination (Notes 3(a) and 7)	9,393,346	1,268,102
Issued on exercise of warrants (ii)	16,451,000	1,651,350
Value assigned to exercised warrants	-	260,667
Issued in private placements (net of share issue costs) (ii)	49,553,000	5,718,482
Value assigned to warrants issued in private placements, net of costs (Note 4(d))	-	(1,126,000)
Balance, December 31, 2010	167,198,958	43,365,227

- (i) On April 29, 2009, the Company closed a private placement of 5,272,500 units at \$0.10 per unit for gross proceeds of \$527,250 of which 687,500 units for gross proceeds of \$68,750 were subscribed for by six directors, two senior officers, and two employees of the Company. Each unit consisted of one common share, one half of one common share purchase warrant, with each one full warrant entitling the holder to obtain one common share of the Company for \$0.15 for a period of two years, and one half of one common share purchase warrant, with each one full warrant entitling the holder to obtain one common share of the Company for \$0.25 for a period of two years. In relation to this private placement, 398,000 common shares valued at \$43,780 were issued as finder's fees. The net proceeds were allocated \$334,470 to the common shares and \$149,000 to the share purchase warrants.

On August 26, 2009, the Company closed a private placement of 20,000,000 units at \$0.05 per unit for gross proceeds of \$1,000,000 of which 970,000 units for gross proceeds of \$48,500 were subscribed for by three directors and three senior officers. Each unit consisted of one common share and one common share purchase warrant, with each warrant entitling the holder to obtain one common share of the Company for \$0.10 for a period of two years. In relation to this private placement, \$32,000 was paid and 724,600 common shares valued at \$43,476 were issued as finder's fees. The net proceeds were allocated \$609,524 to the common shares and \$315,000 to the share purchase warrants.

On December 2, 2009, the Company closed a private placement of 5,000,000 units at \$0.15 per unit for gross proceeds of \$750,000. Each unit consisted of one common share and one common share purchase warrant whereby one warrant entitled the holder to obtain one common share of the Company for \$0.20 for a period of one year. In relation to this private placement, \$48,000 was paid and 80,000 common shares valued at \$13,600 were issued as finder's fees. The net proceeds were allocated \$486,400 to the common shares and \$202,000 to the share purchase warrants.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

4. CAPITAL STOCK, COMMON SHARE OPTIONS AND WARRANTS

b) Common Shares Issued

On December 18, 2009, the Company closed a private placement of 400,000 units at \$0.15 per unit for gross proceeds of \$60,000. Each unit consisted of one common share and one common share purchase warrant whereby one warrant entitled the holder to obtain one common share of the Company for \$0.20 for a period of one year. In relation to this private placement, \$6,300 was paid as finder's fees. The net proceeds were allocated \$39,300 to the common shares and \$14,400 to the share purchase warrants.

During the fiscal year ended December 31, 2009, 25,000 warrants issued in April 2009 were exercised at \$0.15 per warrant for proceeds of \$3,750 to the Company. An additional 990,000 warrants issued in August 2009 were exercised at \$0.10 per warrant for proceeds of \$99,000.

- (ii) 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. These shares are subject to a four-month hold period from the date of issue. In relation to this private placement, 3,220,945 compensation warrants exercisable at \$0.13 (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.

See Note 13 Subsequent Events.

c) Common Share Options and Stock-Based Compensation

Under the Company's stock option plan, 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 changes in stock options during 2009 and 2010 is as follows:

	Number of options #	Weighted average exercise price \$
Balance, December 31, 2008	4,464,500	0.69
Granted	4,310,000	0.14
Expired	(2,771,750)	0.49
Forfeited	(248,250)	0.34
Balance, December 31, 2009	5,754,500	0.39
Granted	2,700,000	0.14
Expired	(1,394,500)	0.82
Balance, December 31, 2010	<u>7,060,000</u>	0.21

As at December 31, 2010, the weighted average remaining contractual life of options outstanding was 3.17 years (2009 – 3.07 years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

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

c) Common Share Options and Stock-Based Compensation (Continued)

In January 2009, the Company granted 1,200,000 options exercisable at \$0.25 for a period of three years. The grant included 700,000 options to the seven directors, 400,000 options to five senior officers of the Company and its Peruvian subsidiary, and 100,000 options to two consultants of the Company. The options vested over 18 months.

In September 2009, the Company granted 3,110,000 options exercisable at \$0.10 for a period of five years. The grant included 1,860,000 options to six individuals who are directors, senior officers, or both, and 1,250,000 options to three consultants of the Company. The options vested 100% on December 2, 2010.

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 a consultant 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 one consultant of the Company and five employees of its Peruvian subsidiary. The options vested 100% on the date of grant.

During the year ended December 31, 2010, 1,394,500 (2009 - 2,771,750) options expired unexercised.

As at December 31, 2010, the following options granted to directors, officers, employees, and key consultants of the Company remain outstanding:

Date of Grant	Options Outstanding #	Options Vested #	Exercise Price \$	Expiry Date
April 4, 2008	150,000	150,000	1.04	April 4, 2011
June 9, 2008	375,000	375,000	1.00	June 9, 2011
January 16, 2009	800,000	800,000	0.25	January 16, 2012
September 1, 2009	3,110,000	3,110,000	0.10	September 1, 2014
May 27, 2010	250,000	250,000	0.11	May 27, 2015
June 1, 2010	400,000	400,000	0.11	June 1, 2011
July 9, 2010	1,975,000	1,975,000	0.15	July 9, 2015
	<u>7,060,000</u>	<u>7,060,000</u>		

As at December 31, 2010, the weighted average exercise price of exercisable options was \$0.21 (2009 - \$0.60).

The weighted average grant date fair value of the options granted during the year ended December 31, 2010 was \$0.08 (2009 - \$0.08). The fair value of each option was 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% (2009 - 0%); expected volatility of 104% (2009 - 103%); risk-free interest rate of 1.72% (2009 - 1.16%); and an expected life of 4.4 years (2009 - 4.4 years). Stock-based compensation is amortized using the straight-line method over the vesting period with the related credit 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.

Continued...

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

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

d) Warrants

A summary of changes in warrants during 2009 and 2010 is as follows:

	Warrants #	Amount \$	Weighted average exercise price \$
Balance, December 31, 2008	2,377,015	745,075	1.47
Issued in private placements (Note 4(b)(i))	30,672,500	739,000	0.13
Issue costs	-	(58,600)	-
Expired	(2,377,015)	(745,075)	1.47
Exercised (Note 4(b)(ii))	(1,015,000)	(16,299)	0.10
Balance, December 31, 2009	29,657,500	664,101	0.14
Issued in private placements (Note 4(b)(ii))	24,776,500	1,268,000	0.20
Issue costs	-	(142,000)	-
Compensation warrants (Note 4(b)(ii))	3,220,945	194,285	0.13
Expired	(8,084,000)	(258,673)	0.17
Exercised (Note 4(b)(ii))	(16,451,000)	(260,667)	0.10
Balance, December 31, 2010	33,119,945	1,465,046	0.19

As at December 31, 2010, the weighted average remaining contractual life of warrants outstanding was 1.72 years (2009 - 1.45 years).

As a result of the \$527,250 private placement in April 2009, the Company issued 2,636,250 common share purchase warrants with an exercise price of \$0.15 and 2,636,250 common share purchase warrants with an exercise price of \$0.25 expiring April 2011. The warrants exercisable at \$0.15 have a force exercise provision whereby the warrants will expire 30 days after a news release announcing the earlier expiry date if the closing price of the common shares is \$0.25 or higher for ten consecutive trading days. The warrants exercisable at \$0.25 have a force exercise provision whereby the warrants will expire 60 days after a news release announcing the earlier expiry date if the closing price of the common shares is \$0.40 or higher for ten consecutive trading days. 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 120%; risk-free interest rate of 1.13% and an expected life of two years.

As a result of the \$1,000,000 private placement in August 2009, the Company issued 20,000,000 common share purchase warrants with an exercise price of \$0.10 expiring August 2011. These warrants have a force exercise provision whereby the warrants will expire 30 days after a news release announcing the earlier expiry date if the closing price of the common shares is \$0.15 or higher for ten consecutive trading days. 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 126%; risk-free interest rate of 1.33% and an expected life of two years.

On May 17, 2010, the Company accelerated the expiration date of the above warrants to June 16, 2010. A total of 17,316,000 warrants were exercised, of which 990,000 were exercised in 2009 and 16,326,000 were exercised during the year ended December 31, 2010. The remaining 2,684,000 warrants expired unexercised.

As a result of the \$750,000 private placement in December 2009, the Company issued 5,000,000 common share purchase warrants with an exercise price of \$0.20 expiring December 2010. These warrants had a force exercise provision whereby the warrants would expire 30 days after a news release announcing an earlier expiry date if the closing price of the common shares was \$0.30 or higher for ten consecutive trading days. 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 114%; risk-free interest rate of 1.22% and an expected life of one year. These warrants expired unexercised.

Continued...

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

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

d) Warrants (Continued)

As a result of the \$60,000 private placement in December 2009, the Company issued 400,000 common share purchase warrants with an exercise price of \$0.20 expiring December 2010. 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 114%; risk-free interest rate of 1.30% and an expected life of one year. These warrants expired unexercised.

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 (2009 - \$0.02).

As at December 31, 2010, the following warrants remain outstanding:

Date Issued	Warrants Issued #	Warrants Outstanding #	Exercise Price \$	Expiry Date
April 17, 2009	2,183,750	2,033,750	0.15	April 17, 2011
April 17, 2009	2,183,750	2,183,750	0.25	April 17, 2011
April 29, 2009	452,500	452,500	0.15	April 29, 2011
April 29, 2009	452,500	452,500	0.25	April 29, 2011
December 23, 2010	24,776,500	24,776,500	0.20	December 23, 2012
December 23, 2010	3,220,945	3,220,945	0.13	December 23, 2012
	<u>33,269,945</u>	<u>33,119,945</u>		

e) Escrow Shares

As at December 31, 2010 and 2009, there were 348,133 common shares issued to a former officer and director of the Company, which are held in escrow subject to the direction or determination of certain regulatory authorities.

f) Contributed Surplus

	2010 \$	2009 \$
Balance, beginning of year	3,752,639	2,527,564
Stock-based compensation expense	401,000	480,000
Warrants expired (Note 4(d))	258,673	745,075
Balance, end of the year	<u>4,412,312</u>	<u>3,752,639</u>

Contributed surplus was increased by \$401,000 (2009 - \$480,000) for the fiscal year ended December 31, 2010 to reflect the stock-based compensation expense for the vesting of stock options during the year and \$258,673 (2009 - \$745,075) to reflect the value of the warrants that expired during the year.

5. MARKETABLE SECURITIES

	Number of common shares #	Cost basis \$	Fair market value at December 31, 2010 \$
Viper Gold Ltd. (formerly LeBoldus Capital Inc.)	300,000	45,000	<u>90,000</u>

In August 2010, the Company received 300,000 common shares of Viper Gold Ltd. (formerly LeBoldus Capital Inc.) as per the terms of the property option agreement. See Note 3(a).

6. INCOME TAXES

a) Provision for Income Taxes

Major items causing the Company's income tax rate to differ from the Canadian statutory rate of approximately 31% (2009 – 33%) were as follows:

	2010 \$	2009 \$
Loss from continuing operations before income taxes	<u>(1,167,310)</u>	<u>(1,207,113)</u>
Expected income tax benefit based on statutory rate	(361,900)	(398,300)
Adjustments to benefit resulting from:		
Expiring non-capital losses (Canada)	166,800	113,100
Use of non-capital losses (Peru)	48,600	63,800
Share issue costs	(164,000)	(21,600)
Stock based compensation expense	124,300	158,400
Change in tax rates	44,100	360,900
Other	140,375	(19,400)
Change in valuation allowance	<u>(3,900)</u>	<u>(256,900)</u>
Future income tax (recovery)	<u>(5,625)</u>	<u>-</u>

b) Future Tax Balances

The tax effects of temporary differences that give rise to future income tax assets and liabilities in Canada approximate the following:

	2010 \$	2009 \$
Future income tax assets		
Non-capital losses (Canada)	1,289,200	1,097,200
Non-capital losses (Peru)	305,700	218,500
Capital losses (Canada)	88,300	88,300
Exploration properties	1,579,800	2,351,600
Share issue costs	168,900	101,500
Equipment	<u>23,600</u>	<u>23,600</u>
	3,455,500	3,880,700
Valuation allowance	<u>(3,876,800)</u>	<u>(3,880,700)</u>
	<u>(421,300)</u>	<u>-</u>

c) Tax Loss Carry-Forwards

As at December 31, 2010, the Company had resource pools of approximately \$11,862,000, which under certain circumstances, may be utilized to reduce Canadian taxable income of future years. The Company has approximately \$5,199,000 of non-capital losses in Canada and approximately \$1,019,000 of non-capital loss in Peru, which can be used to reduce taxable income in future years. If not utilized, the non-capital losses in Canada and Peru will expire as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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6. INCOME TAXES (Continued)

c) Tax Loss Carry-Forwards (Continued)

Year of Expiry	Canada Amount \$	Peru Amount S./	Peru Amount \$
2011	-	150,000	52,800
2012	-	2,363,000	831,800
2013	-	38,000	13,400
2014	573,700	344,000	121,000
2015	568,900	-	-
2026	505,600	-	-
2027	964,300	-	-
2028	640,700	-	-
2029	683,800	-	-
2030	1,262,000	-	-
	<u>5,199,000</u>	<u>2,895,000</u>	<u>1,019,000</u>

7. BUSINESS COMBINATION

On June 21, 2010, the Company entered into a definitive amalgamation agreement with Double Jack, whereby Double Jack amalgamated with a wholly owned subsidiary of the Company. This transaction was completed on July 8, 2010 for total consideration paid by the Company of 9,393,346 common shares of Duran (\$1,268,102). As a result of this transaction, the Company now holds a 100% interest in the Double Jack Properties (see Note 3(a)). This transaction has been accounted for as a business combination in accordance with CICA Handbook Section 1582 (see Note 2(ii)), using the acquisition method, with Duran as the acquirer.

The allocation of the purchase price has been determined using the fair values of the identifiable assets acquired and liabilities assumed at the date of acquisition. An allocation of the purchase price is as follows:

	Shares #	Fair market value \$
Purchase price:		
Common shares	9,393,346	<u>1,268,102</u>
Net assets acquired:		
Cash		841
Exploration property interests		1,746,153
Current liabilities		(57,592)
Future tax liability		<u>(421,300)</u>
		<u>1,268,102</u>

The transaction did not result in any goodwill. Total transaction costs expensed relating to the acquisition amounted to \$35,314 in legal fees.

The net loss for Double Jack for the year ended December 31, 2010 and the period between June 21, 2010, the acquisition date, and December 31, 2010 included in these consolidated financial statements was negligible. The impact to the net loss of the Company for the year ended December 31, 2010, had the acquisition of Double Jack occurred on January 1, 2010, would be negligible. See Note 8.

Continued...

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

8. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2010, management, director and consulting fees of \$163,970 (2009 - \$129,648) and office rent of \$Nil (2009 - \$28,000) were paid to officers and directors or companies controlled by them. Included in amounts receivable as at December 31, 2010 was \$Nil (2009 - \$594) owing from these related parties. This amount is unsecured, non-interest bearing, with no fixed terms of repayment.

During the year ended December 31, 2010, the Company incurred \$120,000 (2009 - \$122,000) for consulting fees provided by an officer of the Company that were charged to exploration property expenditures. Included in accounts payable and accrued liabilities at December 31, 2010 is \$1,438 (2009 - \$3,538) owing to these related parties. These amounts are unsecured, non-interest bearing, with no fixed terms of repayment.

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.

The Company's Chief Executive Officer, who is also a Director of Duran, was a shareholder of Double Jack, as were the Company's President and Chief Financial Officer. Each of these individuals received Duran shares in proportion to their holdings of Double Jack shares pursuant to the Amalgamation Agreement. The Company's independent members of the Board of Directors approved the terms of the Amalgamation Agreement, with the Company's Chief Executive Officer abstaining from voting.

See Notes 3(a) and 4(b).

9. SEGMENTED INFORMATION

The Company's principal operations are the acquisition, exploration and development of its mineral properties, all of which are held in Peru. Substantially all of the Company's operating expenses are incurred in Canada.

A geographic breakdown of total assets at December 31, 2010 is as follows: Canada - \$6,025,033 (2009 - \$829,105), and Peru - \$11,559,799 (2009 - \$8,118,265).

10. CAPITAL MANAGEMENT

The capital structure of the Company currently consists of common shares, warrants and contributed surplus. The Company's objective when managing capital is to maintain adequate levels of funding to support the acquisition, exploration and development of exploration properties. The Company manages its capital structure in a manner that provides sufficient funding for operational activities.

The properties in which the Company currently has an interest are in the development stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurances that the Company will be able to continue raising equity capital in this manner.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the years ended December 31, 2010 and 2009. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

11. FINANCIAL RISK FACTORS

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.

At December 31, 2010 and 2009, the Company's financial instruments that are carried at fair value, consisting of marketable securities, have been classified as Level 1 within the fair value hierarchy.

The carrying amounts for cash, amounts receivable, 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. There have been no changes in the risks, objectives, policies and procedures from the previous period.

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 current assets at December 31, 2010 were \$6,126,469 (2009 - \$829,105), consisting of cash of \$6,002,801 (2009 - \$772,964), marketable securities of \$90,000 (2009 - \$Nil), amounts receivable of \$21,574 (2009 - \$6,763) and prepaids and advances of \$12,094 (2009 - \$49,378). Management believes that it has sufficient funds to meet its current liabilities as they become due.

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.

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 December 31, 2010, the Company had cash balances of US\$1,113,284 (CDN\$1,107,273; 2009 - US\$129,402; CDN\$136,001) and accounts payable of S./160,171 (CDN\$56,151; 2009 - S./157,945; CDN\$56,827).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

11. FINANCIAL RISK FACTORS (Continued)

Property Title Risk

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.

Sensitivity Analysis

The majority of the Company's cash balances earn interest at fixed rates over the next three to twelve months. Sensitivity to a plus or minus 1% change in rates would not have a significant effect on the Company's net loss.

The Company is exposed to foreign exchange fluctuations as a result of transactions with its subsidiaries, Minera Aguila de Oro SAC, Corongo Exploraciones SAC, Exploraciones Laramarca SAC and Hatum Minas SAC. The Company does not use derivatives to mitigate its foreign currency risk. If the US dollar cash balances had remained consistent throughout the year, a 10% strengthening (weakening) of the Canadian dollar against the US dollar would have increased (decreased) losses for the year ended December 31, 2010 by \$110,727. If the Peruvian Nuevo Sol denominated financial instrument balances had remained consistent throughout the year, a 10% strengthening (weakening) of the Canadian dollar against the Nuevo Sol would have increased (decreased) losses for the year ended December 31, 2010 by \$5,615.

12. CONTINGENT LIABILITIES

Environmental Contingencies

The Company's mining and exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect the public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

13. SUBSEQUENT EVENTS

a) Warrants

Subsequent to December 31, 2010, 5,077,500 warrants were exercised for proceeds of \$1,023,000.

On April 17, 2011, 25,000 warrants expired unexercised.

b) Options

Subsequent to December 31, 2010, 300,000 options were exercised for proceeds of \$31,500.

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 two employees and four consultants of the Company. The options vested 100% on the date of grant.

c) Private Placement

In January 2011, the Company closed the second 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. These shares are subject to a four-month hold period from the date of issue. In relation to this private placement, 500,500 compensation warrants exercisable at \$0.13 for a period of two years were issued and commission and issue costs of \$69,965 were paid.

Continued...

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13. SUBSEQUENT EVENTS (Continued)

d) Option Payments

In April 2011, the Company received 300,000 common shares of Viper as per the terms of the property option agreement. See Note 3(a).

e) Settlement

In January 2011, a claim made against the Company in April 2009 by a former officer was settled; and a court dismissal order was subsequently received. At December 31, 2010, the Company had incurred an expense of \$23,644, which includes an accrual of \$7,200, relating to this claim.