

DURAN VENTURES INC.
(A Development Stage Company)

INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE-MONTH PERIOD ENDED

SEPTEMBER 30, 2010

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 nine-month period ended September 30, 2010.

DURAN VENTURES INC.
(A Development Stage Company)

INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

<u>INDEX</u>	<u>PAGE</u>
Interim Consolidated Balance Sheets	2
Interim Consolidated Statements of Operations	3
Interim Consolidated Statements of Comprehensive Loss and Accumulated Other Comprehensive Income	4
Interim Consolidated Statements of Shareholders' Equity	5
Interim Consolidated Statements of Cash Flows	6
Notes to the Interim Consolidated Financial Statements	7 – 18

DURAN VENTURES INC.
(A Development Stage Company)
INTERIM CONSOLIDATED BALANCE SHEETS
AS AT SEPTEMBER 30, 2010 AND DECEMBER 31, 2009

Page 2

	September 30, 2010 \$ (Unaudited)	December 31, 2009 \$ (Audited)
ASSETS		
CURRENT		
Cash	456,765	772,964
Marketable securities (Note 5)	36,000	-
Prepaid expenses and advances	25,252	49,378
Amounts receivable (Note 7)	21,667	6,763
	<u>539,684</u>	<u>829,105</u>
RESTRICTED CASH (Note 9)	192,863	-
EXPLORATION PROPERTIES (Note 3)	10,696,414	8,118,265
	<u>11,428,961</u>	<u>8,947,370</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 7)	226,786	117,672
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (Note 4(b))	38,750,463	35,592,626
WARRANTS (Note 4(d))	364,693	664,101
CONTRIBUTED SURPLUS (Note 4(f))	4,160,912	3,752,639
ACCUMULATED OTHER COMPREHENSIVE INCOME DEFICIT	30,000	-
	<u>(32,103,893)</u>	<u>(31,179,668)</u>
	<u>(32,073,893)</u>	<u>(31,179,668)</u>
	<u>11,202,175</u>	<u>8,829,698</u>
	<u>11,428,961</u>	<u>8,947,370</u>
ONGOING OPERATIONS (Note 1)		
COMMITMENTS (Note 3)		
CONTINGENT LIABILITIES (Note 10)		

See accompanying notes to the interim consolidated financial statements.

INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2010 AND 2009
(Unaudited - Prepared by Management)

	Three-Months Ended		Nine-Months Ended	
	September 30		September 30	
	\$		\$	
	2010	2009	2010	2009
EXPENSES				
Stock-based compensation (Note 4(c))	218,000	108,000	366,000	355,000
Management and consulting fees (Note 7)	44,410	35,058	119,350	110,758
Director fees	-	-	-	37,500
General and administrative	20,092	31,582	99,648	105,275
Advertising and public relations	27,145	22,339	204,875	68,811
Professional fees	59,094	39,259	103,602	81,905
Rent (Note 7)	10,500	7,000	30,750	22,000
Loss before the under-noted	379,241	243,238	924,225	781,249
Interest income	-	-	-	(2,139)
NET LOSS FOR THE PERIOD	379,241	243,238	924,225	779,110
Loss per share – basic and diluted	0.003	0.003	0.009	0.012
Weighted average number of common shares outstanding	116,704,145	73,678,471	102,648,609	65,372,178

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2010 AND 2009
(Unaudited - Prepared by Management)

	Three-Months Ended		Nine-Months Ended	
	September 30		September 30	
	\$		\$	
	2010	2009	2010	2009
Net loss for the period	(379,241)	(243,238)	(924,225)	(779,110)
Other comprehensive income	30,000	-	30,000	-
Comprehensive Loss	(349,241)	(243,238)	(894,225)	(779,110)

INTERIM CONSOLIDATED STATEMENTS OF ACCUMULATED OTHER COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2010 AND 2009
(Unaudited - Prepared by Management)

	Three-Months Ended		Nine-Months Ended	
	September 30		September 30	
	\$		\$	
	2010	2009	2010	2009
Accumulated other comprehensive income at beginning of period	-	-	-	-
Unrealized income on marketable securities, net of future income tax expense	25,350	-	25,350	-
Valuation allowance	4,650	-	4,650	-
Accumulated other comprehensive income at end of period	30,000	-	30,000	-

INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2010 AND 2009
(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, 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 and comprehensive 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 on business combination (Note 3(a) & 6)	9,393,346	1,268,102	-	-	-	-	-	-	1,268,102
Warrants exercised	16,326,000	1,889,735	(16,326,000)	(257,135)	-	-	-	-	1,632,600
Warrants expired	-	-	(2,684,000)	(42,273)	42,273	-	-	-	-
Stock-based compensation expense	-	-	-	-	366,000	-	-	-	366,000
Unrealized gain on marketable securities	-	-	-	-	-	30,000	-	30,000	30,000
Net loss and comprehensive loss	-	-	-	-	-	-	(924,225)	(924,225)	(924,225)
Balance, September 30, 2010	117,520,958	38,750,463	10,647,500	364,693	4,160,912	30,000	(32,103,893)	(32,073,893)	11,202,175

See accompanying notes to the interim consolidated financial statements.

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2010 AND 2009
(Unaudited - Prepared by Management)

	Three-Months Ended		Nine-Months Ended	
	September 30		September 30	
	\$		\$	
	2010	2009	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss for the period	(379,241)	(243,238)	(924,225)	(779,110)
Add items not requiring cash:				
Stock-based compensation	218,000	108,000	366,000	355,000
Changes in non-cash operating working capital:				
Decrease (increase) in prepaids and advances	6,934	(73,529)	24,126	(80,464)
(Increase) decrease in amounts receivable	(12,155)	3,822	(14,904)	74,498
(Decrease) increase in accounts payable & accrued liabilities	(20,121)	(28,843)	6,270	(234,340)
Cash flows from operating activities	<u>(186,583)</u>	<u>(233,788)</u>	<u>(542,733)</u>	<u>(664,416)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Exploration property expenditures	(264,919)	(301,133)	(1,214,044)	(1,408,048)
Increase in restricted cash	(192,863)	-	(192,863)	-
Business combination (Note 3(a) & 6)	841	-	841	-
Cash flows from investing activities	<u>(456,941)</u>	<u>(301,133)</u>	<u>(1,406,066)</u>	<u>(1,408,048)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of private placement units for cash	-	957,960	-	1,495,250
Exercise of warrants	-	-	1,632,600	-
Cash flows from financing activities	<u>-</u>	<u>957,960</u>	<u>1,632,600</u>	<u>1,495,250</u>
(Decrease) increase in cash	(643,524)	423,039	(316,199)	(577,214)
Cash at the beginning of period	1,100,289	9,837	772,964	1,010,090
Cash at the end of period	<u>456,765</u>	<u>432,876</u>	<u>456,765</u>	<u>432,876</u>
Supplementary Information:				
Interest paid	-	-	-	-
Taxes paid	-	-	-	-
Common shares received for interest in exploration property (Note 3(a))	6,000	-	6,000	-
Common shares issued pursuant to business combination (Note 3(a) & 6)	1,268,102	-	1,268,102	5,000
Change in accrued exploration property expenditures	62,618	(88,949)	102,844	(279,323)

See accompanying notes to the interim consolidated financial statements.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 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 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.

These interim unaudited 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 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 financial statements. Such adjustments could be material.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These interim unaudited consolidated financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada. The preparation of the interim unaudited consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the interim unaudited consolidated financial statements and accompanying notes. Actual results could differ from those estimates. The interim unaudited consolidated financial statements have, in management's opinion, been properly prepared using careful judgement within the reasonable limits of materiality. They do not include all of the information and disclosures required by Canadian GAAP for annual consolidated financial statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these interim unaudited consolidated financial statements. Operating results for the period ended September 30, 2010 are not necessarily indicative of the results that may be expected for the full year ended December 31, 2010. These interim unaudited consolidated financial statements should be read in conjunction with the most recent annual audited consolidated financial statements and notes thereto.

The significant accounting policies follow those of the December 31, 2009 audited consolidated financial statements unless otherwise disclosed.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2010 AND 2009

Future Accounting Changes

(i) 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 completed the initial diagnostic phase and will continue to update its disclosures throughout 2010 to reflect specific actions taken to facilitate changeover to IFRS effective January 1, 2011.

(ii) 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 July 1, 2010.

(iii) Section 1601 – Consolidations and Section 1602 – Non-Controlling Interests

CICA Handbook Section 1601 "Consolidations" 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 July 1, 2010.

3. EXPLORATION PROPERTIES

	December 31, 2008 \$	Additions (Recoveries) \$	Write-off \$	December 31, 2009 \$	Additions (Recoveries) \$	September 30, 2010 \$
a) Peru						
Acquisition	330,000	16,425	-	346,425	1,324,853	1,671,278
Deferred exploration						
Expenditures	6,272,048	1,531,810	-	7,803,858	1,543,619	9,347,477
Recoveries	-	(32,018)	-	(32,018)	(290,323)	(322,341)
	<u>6,602,048</u>	<u>1,516,217</u>	<u>-</u>	<u>8,118,265</u>	<u>2,578,149</u>	<u>10,696,414</u>
b) Canada						
Acquisition	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>
	<u>6,732,109</u>	<u>1,544,077</u>	<u>(157,921)</u>	<u>8,118,265</u>	<u>2,578,149</u>	<u>10,696,414</u>

Continued...

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2010 AND 2009

3. EXPLORATION PROPERTIES (Continued)

(a) PERU:

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 Pasacancha 1 concession, the KFC concession and twenty-four additional staked exploration claims.

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 ten concession Corongo property in Ancash, Peru. The Company received a non-refundable commitment fee of US\$25,000 (CDN\$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 \$25,000 USD (paid) on signing the agreement; incurring an aggregate amount of \$1,000,000 USD 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 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 to Duran. (See Note 11 - Subsequent Events).

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 was amalgamated with a wholly owned subsidiary of the Company. Pursuant to the terms of the Amalgamation Agreement, the Company will 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 six million and a maximum of 12 million 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 6).

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. The Company agreed to complete exploration expenditures of US\$100,000 on the Panteria Property by May 31, 2010 and reimburse Double Jack for 2009 maintenance fees of US\$15,000 (CDN\$16,425 - paid). The Company was required to complete exploration expenditures of US\$100,000 (completed) on the Panteria Property by May 31, 2010.

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 S/.194,085 (approximately US\$68,100) and finder's fees of US\$2,500. The concession covers 1000 hectares in the Department of Huancavelica, approximately 300 kilometres southeast of Lima.

Continued...

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2010 AND 2009

3. EXPLORATION PROPERTIES (Continued)

(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 and valued at \$69,000), \$200,000 worth of common shares by March 31, 2011 (50,000 issued 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 \$200,000 (\$25,000 paid) 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 30,151 hectares Miller Creek Uranium Project located in the Athabasca Basin in northern Saskatchewan. The Miller Creek Property 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. On July 9, 2010, the Company allowed these claims to lapse.

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 (Note 3(a) & 6)	9,393,346	1,268,102
Issued on exercise of warrants (ii)	16,326,000	1,632,600
Value assigned to exercised warrants	-	257,135
Balance, September 30, 2010	117,520,958	38,750,463

Continued...

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2010 AND 2009

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

b) Common Shares Issued (Continued)

- (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 consists of one common share, one half of one common share purchase warrant whereby one full warrant entitles the holder to obtain one common share of the Company for \$0.15 for a period of two years, 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 \$0.25 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 consists of one common share and one common share purchase warrant whereby one warrant entitles 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 consists of one common share and one common share purchase warrant whereby one warrant entitles 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.

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 consists of one common share and one common share purchase warrant whereby one warrant entitles 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) During the nine-month period ended September 30, 2010, 16,326,000 warrants issued in August 2009 were exercised at \$0.10 per warrant for proceeds of \$1,632,600 to the Company.

c) Common Share Options and Stock-Based Compensation

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 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 the nine-month period ended September 30, 2010 is as follows:

Continued...

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2010 AND 2009

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

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

	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	(1,112,000)	0.88
Balance, September 30, 2010	<u>7,342,500</u>	0.23

As at September 30, 2010, the weighted average remaining contractual life of options outstanding was 3.17 years (2009 – 2.70 years).

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.

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.

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.

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.

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.

During the nine-month period ended September 30, 2010, 1,112,000 options expired unexercised.

As at September 30, 2010, the following options granted to directors, officers, employees, and key consultants of the Company remain outstanding:

Date of Grant	Options Granted #	Options Outstanding #	Options Vested #	Exercise Price \$	Expiry Date
December 28, 2007	87,500	62,500	62,500	1.20	December 28, 2010
December 31, 2007	50,000	35,000	35,000	1.50	December 31, 2010
April 4, 2008	500,000	240,000	240,000	1.04	April 4, 2011
June 9, 2008	464,000	395,000	395,000	1.00	June 9, 2011
January 16, 2009	1,200,000	800,000	800,000	0.25	January 16, 2012
September 1, 2009	3,110,000	3,110,000	2,488,000	0.10	September 1, 2014
May 27, 2010	250,000	250,000	250,000	0.11	May 27, 2015
June 1, 2010	400,000	400,000	400,000	0.11	June 1, 2011
July 9, 2010	2,050,000	2,050,000	2,050,000	0.15	July 9, 2015
	<u>8,111,500</u>	<u>7,342,500</u>	<u>6,720,500</u>		

As at September 30, 2010, the weighted average exercise price of exercisable options was \$0.24.

Continued...

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2010 AND 2009

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

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

The weighted average grant date fair value of the options granted during the nine-month period ended September 30, 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.

d) Warrants

A summary of changes in warrants during the nine-month period ended 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
Exercised (Note 4(b)(ii))	(16,326,000)	(257,135)	0.10
Expired	(2,684,000)	(42,273)	0.10
Balance, September 30, 2010	10,647,500	364,693	0.20

As at September 30, 2010, the weighted average remaining contractual life of warrants outstanding was 0.35 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 at a price of \$0.15 and 2,636,250 common share purchase warrants at a price of \$0.25 until April 2011. The warrants at a price of \$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 at a price of \$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 at a price of \$0.10 until 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.

Continued...

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2010 AND 2009

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

d) Warrants (Continued)

On May 17, 2010, the Company accelerated the expiration date of these warrants to June 16, 2010. A total of 17,316,000 warrants were exercised, of which 16,326,000 were exercised during the nine month period ended September 30, 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 at a price of \$0.20 until December 2010. 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 \$0.30 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.

As a result of the \$60,000 private placement in December 2009, the Company issued 400,000 common share purchase warrants at a price of \$0.20 until 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.

The weighted average grant date fair value of the warrants granted during the nine-month period ended September 30, 2010 was N/A (2009 - \$0.02).

As at September 30, 2010, the following warrants remain outstanding:

Date Issued	Warrants Issued #	Warrants Outstanding #	Exercise Price \$	Expiry Date
April 17, 2009	2,183,750	2,158,750	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
November 13, 2009*	1,700,000	1,700,000	0.20	November 13, 2010
December 2, 2009	3,300,000	3,300,000	0.20	December 2, 2010
December 18, 2009	400,000	400,000	0.20	December 18, 2010
	<u>10,672,500</u>	<u>10,647,500</u>		

*Issued as the first tranche of the \$750,000 private placement that closed on December 2, 2009.

e) Escrow Shares

As at September 30, 2010, 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

	September 30, 2010 \$	December 31, 2009 \$
Balance, beginning of the period	3,752,639	2,527,564
Value of stock options exercised	-	-
Stock-based compensation expense	366,000	480,000
Warrants expired (Note 4(d))	42,273	745,075
Balance, end of the period	<u>4,160,912</u>	<u>3,752,639</u>

Continued...

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2010 AND 2009

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

f) Contributed Surplus (Continued)

Contributed surplus was increased by \$366,000 for the nine-month period ended September 30, 2010 to reflect the stock-based compensation expense for the vesting of stock options during the period and \$42,273 to reflect the value of the warrants expired during the period.

5. MARKETABLE SECURITIES

	Number of common shares #	Cost basis \$	Fair market value at September 30, 2009 \$
Viper Gold Ltd. (formerly LeBoldus Capital Inc.)	300,000	6,000	<u>36,000</u>

In August 2009, the Company received 300,000 common shares of Viper Gold Ltd. (formerly LeBoldus Capital Inc.) as per the terms of the joint venture agreement. See Note 3(a).

6. BUSINESS COMBINATIONS

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 the Double Jack Properties (see Note 3(a)). This transaction has been accounted for as a business combination in accordance with Section 1582 (see Note 2(ii)), using the acquisition method, with Duran as the acquirer.

The allocation of the purchase price has not been finalized as at the date of these financial statements were issued as management is in the process of determining the fair values of the identifiable assets acquired and liabilities assumed and measuring any associated future income tax liabilities. A provisional 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
Mining interests		1,324,853
Current liabilities		<u>(57,592)</u>
		<u>1,268,102</u>

The Company anticipates that there will be no resulting goodwill. Total transaction costs expensed during the nine-months ended September 30, 2010 relating to the acquisition amounted to \$35,314 in legal fees.

The net loss for Double Jack for the three and nine months ended September 30, 2010 and the period between June 21, 2010, the acquisition date, and September 30, 2010 included in these interim consolidated financial statements was negligible. The impact to the net earnings of the Company for the three and nine months ended September 30, 2010, had the acquisition of Double Jack occurred on January 1, 2010, would be negligible.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2010 AND 2009

7. RELATED PARTY TRANSACTIONS

During the nine-month period ended September 30, 2010, management, director and consulting fees of \$119,350 (2009 - \$93,858) and office rent of \$Nil (2009 - \$22,000) were paid to officers and directors or companies controlled by them. Included in amounts receivable as at September 30, 2010 was \$Nil (2009 - \$594) owing from these related parties. These amounts are unsecured, non-interest bearing, with no fixed terms of repayment.

During the nine-month period ended September 30, 2010, the Company incurred \$90,000 (2009 - \$92,000) 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 September 30, 2010 is \$10,170 (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, with the Company's Chief Executive Officer abstaining from voting.

See Note 4(b)(i) for additional related party information.

8. 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 nine-month period ended September 30, 2010. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

9. 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.

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.

Continued...

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2010 AND 2009

9. FINANCIAL RISK FACTORS (Continued)

Fair Value (Continued)

As at September 30, 2010, the Company held \$192,863 of restricted cash representing the balance of a \$250,000 USD payment received from Viper but not yet expended on the Corongo property (see Note 3(a)). These funds are required to be spent by October 31, 2010 as per the amended terms of the property option agreement. (See Note 11 - Subsequent Events).

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 September 30, 2010 were \$539,684 (2009 - \$829,105), consisting of cash of \$456,765 (2009 - \$772,964), marketable securities of \$36,000 (2009 - Nil), amounts receivable of \$21,667 (2009 - \$6,763) and prepaids and advances of \$25,252 (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.

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 September 30, 2010, the Company had cash balances of \$209,145 (2009 - \$129,402) in US currency (CDN\$215,210 (2009 - CDN\$136,001)) and accounts payable of S./421,351 (2009 - S./157,945) in Peruvian Nuevo Soles (CDN\$154,338 (2009 - CDN\$56,827)).

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, and Hatum Minas SAC. The Company does not use derivatives to mitigate its foreign currency risk.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2010 AND 2009

10. CONTINGENT LIABILITIES

Statement of Claim

In April 2009, the Company received a statement of claim from a former officer of the Company claiming wrongful termination. The Company considers the claim to be without merit and intends to defend against it. The claim has been filed with the Company's insurers and has been accepted by them for defence under the policy subject to a \$25,000 deductible. As at September 30, 2010, the Company has incurred an expense of \$14,720 relating to this claim.

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.

11. SUBSEQUENT EVENTS

a) Corongo Property

Subsequent to September 30, 2010, the restricted cash on hand as at September 30, 2010 was expended on the Corongo property.

b) Warrants

On November 13, 2010 a total of 1,700,000 common share purchase warrants issued on November 13, 2009 expired unexercised.