DURAN VENTURES INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTH PERIODS ENDED

SEPTEMBER 30, 2014

(Unaudited)

(Expressed in Canadian dollars)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements have been prepared by and are the responsibility of management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

DURAN VENTURES INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

SEPTEMBER 30, 2014

(Unaudited)

(Expressed in Canadian dollars)

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

	September 30, 2014 $	December 31, 2013 $
ASSETS		
CURRENT		
Cash	**5,495,039**	68,857
Marketable securities (Note 6)	**10,000**	10,000
Prepaid expenses and advances	**45,069**	23,163
Amounts receivable	**148,748**	41,661
TOTAL CURRENT ASSETS	**5,698,856**	143,681
PROPERTY, PLANT AND EQUIPMENT (Note 7)	**20,569**	190,326
EXPLORATION AND EVALUATION ASSETS (Notes 8 and 12)	**1,470,906**	1,470,906
TOTAL ASSETS	**7,190,331**	1,804,913
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	**350,281**	495,599
DEFERRED TAX LIABILITY	**111,000**	111,000
TOTAL LIABILITIES	**461,281**	606,599
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (Note 10)	**49,844,141**	49,844,141
WARRANT RESERVE (Note 10)	**220,269**	220,269
SHARE-BASED PAYMENT RESERVE (Note 11)	**1,664,650**	2,264,550
ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME	**(157,000)**	(157,000)
DEFICIT	**(44,843,010)**	(50,973,646)
TOTAL SHAREHOLDERS' EQUITY	**6,729,050**	1,198,314
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**7,190,331**	1,804,913

ONGOING OPERATIONS (Note 2)

COMMITMENTS AND CONTINGENCIES (Note 15)

APPROVED ON BEHALF OF THE BOARD:

Signed "Joseph Del Campo" , Director

Signed "Jeffrey Reeder" , Director

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

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

	Three-Months Ended September 30 $		Nine-Months Ended September 30 $	
	2014	2013	**2014**	2013
OPERATING EXPENSES				
Exploration and evaluation recovery (expenditures) (Note 12)	**(339,747)**	(374,730)	**6,291,498**	(1,314,433)
General and administrative (Note 14)	**(62,252)**	(200,833)	**(760,570)**	(669,156)
INCOME (LOSS) before interest	**(401,999)**	(575,563)	**5,530,928**	(1,983,589)
Interest income	**1,657**	-	**1,863**	-
Interest expense (Note 9)	**-**	-	**(2,055)**	-
NET INCOME (LOSS) FOR THE PERIOD	**(400,342)**	(575,563)	**5,530,736**	(1,983,589)
Other comprehensive loss	**-**	-	**-**	(20,000)
COMPREHENSIVE INCOME (LOSS)	**(400,342)**	(575,563)	**5,530,736**	(2,003,589)
Income (Loss) per share – basic and diluted	**(0.002)**	(0.002)	**0.024**	(0.01)
Weighted average number of common shares outstanding	**234,331,435**	225,760,638	**234,331,435**	223,506,954

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

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

	Three-Months Ended September 30 $		Nine-Months Ended September 30 $	
	2014	2013	**2014**	2013
Accumulated other comprehensive loss at beginning of period	**(157,000)**	(137,000)	**(157,000)**	(137,000)
Unrealized loss on marketable securities, net of deferred income tax of $Nil (2013 – $5,250)	**-**	(20,000)	**-**	(20,000)
Accumulated other comprehensive loss at end of period	**(157,000)**	(157,000)	**(157,000)**	(157,000)

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE NINE MONTH PERIODS ENDED SEPTEMBER 30, 2014 AND 2013 AND THE YEAR ENDED DECEMBER 31, 2013

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	Common Shares	Warrants				
	Amount $	Reserve Amount $	Share-based Payment Reserve $	Accumulated Other Comp. Income $	Deficit $	Total Shareholders' Equity $
Balance, December 31, 2012	49,542,440	681,856	2,387,705	(137,000)	(49,327,603)	3,147,398
Issued for cash	301,701	46,597	-	-	-	348,298
Value of warrants and options expired	-	(205,482)	(167,777)	-	373,259	-
Share-based compensation expense	-	-	44,622	-	-	44,622
Unrealized loss on marketable securities	-	-	-	(20,000)	-	(20,000)
Net loss	-	-	-	-	(1,983,589)	(1,983,589)
Balance, September 30, 2013	49,844,141	522,971	2,264,550	(157,000)	(50,937,933)	1,536,729
Value of warrants and options expired	-	(302,702)	-	-	302,702	-
Tax effect of warrants expired	-	-	-	-	(67,300)	(67,300)
Net loss	-	-	-	-	(271,115)	(271,115)
Balance, December 31, 2013	49,844,141	220,269	2,264,550	(157,000)	(50,973,646)	1,198,314
Value of warrants and options expired	-	-	(599,900)	-	599,900	-
Net income(loss)	-	-	-	-	5,530,736	5,530,736
Balance, September 30, 2014	49,844,141	220,269	1,664,650	(157,000)	(44,843,010)	6,729,050

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

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

	Three-Months Ended September 30 $		Nine-Months Ended September 30 $	
	2014	2013	**2014**	2013
CASH FLOWS USED IN OPERATING ACTIVITIES				
Net income (loss) for the period before interest	**(401,999)**	(575,563)	**5,530,928**	(1,983,589)
Add items not requiring cash:				
Amortization	**8,551**	7,255	**19,648**	21,766
Loss on sale of fixed assets	**-**	-	**81,061**	-
Share-based compensation	**-**	-	**-**	44,620
Change in non-cash operating working capital:				
(Increase) decrease in prepaids and advances	**(13,865)**	(11,828)	**(21,906)**	6,079
Decrease (increase) in amounts receivable	**72,932**	18,655	**(107,087)**	17,675
(Decrease) in accounts payable and accrued liabilities	**(55,348)**	(281,870)	**(145,324)**	32,916
Cash flows from (used in) operating activities	**(389,729)**	(279,611)	**5,357,320**	(1,860,533)
CASH FLOWS FROM FINANCING ACTIVITIES				
Promissory notes repaid	**-**	-	**(58,000)**	-
Interest on promissory notes	**-**	-	**(2,055)**	-
Promissory notes issued	**-**	-	**58,000**	-
Payment received on sale of fixed assets	**-**	-	**69,039**	-
Interest received	**1,672**	-	**1,878**	-
Issuance of private placement units for cash	**-**	359,100	**-**	359,100
Finder's fees	**-**	(10,803)	**-**	(10,803)
Cash flows from financing activities	**1,672**	348,297	**68,862**	348,297
Increase (decrease) in cash	**(388,057)**	68,686	**5,426,182**	(1,512,236)
Cash, beginning of period	**5,883,096**	228,200	**68,857**	1,809,122
Cash, end of period	**5,495,039**	296,886	**5,495,039**	296,886

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

1. GENERAL INFORMATION

Duran Ventures Inc. ("Duran" or "the Company") is a publicly listed company originally incorporated in British Columbia and subsequently continued to Ontario under the Canada Business Corporations Act. The Company's common shares have been listed on the TSX Venture Exchange since July 4, 2007, and on the Risk Capital Segment of the Lima Stock Exchange (Segmento de Capital de Riesgo de la Bolsa de Valores de Lima) in Peru, since September 21, 2012, and trade under the symbol "DRV" on both Exchanges. The Company, directly and with exploration partners, is engaged in the exploration of mineral properties in Peru. The Company's principal office is located at 40 University Avenue, Suite 606, Toronto, Ontario, Canada M5J 1T1 and substantially all of the Company's administrative expenses are incurred in Canada.

2. GOING CONCERN

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 and evaluation assets 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. The Company's assets are subject to increases in taxes and royalties, renegotiation of contracts, expropriation, 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 government licensing registration or regulations, unregistered prior agreements, unregistered claims, aboriginal claims and non-compliance with regulatory and environmental requirements.

These unaudited condensed consolidated interim financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Because of 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. To address financing requirements, the Company will seek financing through measures that may include joint venture agreements, debt and equity financing, asset sales, and rights offerings to existing shareholders.

3. BASIS OF CONSOLIDATION

These unaudited condensed consolidated interim 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, Empresa Querco SAC (formerly Laramarca Exploraciones SAC), Hatum Minas SAC, and Corongo Exploraciones SAC, all of which are incorporated in Peru. All inter-company balances and transactions have been eliminated. The unaudited condensed consolidated interim financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

These unaudited condensed consolidated interim financial statements of the Company and its subsidiaries were prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Company's 2013 annual financial statements which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed consolidated interim financial statements have been prepared on the basis of and using accounting policies, methods of computation and presentation consistent with those applied in the Company's 2013 annual financial statements unless otherwise noted below.

The policies applied in these unaudited condensed consolidated interim financial statements are based on the IFRS issued and effective as of September 30, 2014. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2014 could result in restatement of these interim consolidated financial statements. These unaudited condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on November 27, 2014.

(b) Basis of preparation

The unaudited condensed consolidated interim financial statements are presented in Canadian dollars. The financial statements are prepared on the historical cost basis except for marketable securities which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

(c) New Standard, Amendments and Interpretations Effective for the first time from January 1, 2014

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning before or on January 1, 2014

The following new or amended standards and interpretations that are mandatory for 2014 annual period have not had a material impact on the Company:

- IAS 32 Financial Instruments

(d) Standards, Amendments and Interpretations Not Yet Effective

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are not mandatory for accounting periods beginning on or after January 1, 2014 or later periods. They have not been early adopted in these interim financial statements, and they are expected to affect the Company in the period of initial application. In all cases the Company intends to apply these standards from application date as indicated below:

- IFRS 9 Financial Instruments

  IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and

(Expressed in Canadian dollars)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018. The Company has not yet made an assessment of the impact of the amendments.

There are no other IFRS or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Company.

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

There have been no material revisions to the nature of significant accounting judgments and amount of changes in estimates of amounts reported in the Company's 2013 annual financial statements

6. MARKETABLE SECURITIES

The Company's marketable securities, classified as available-for-sale investment, consist of common shares of Viper Gold Ltd., and therefore has no fixed maturity date or coupon rate. The fair value of the listed available-for-sale investment has been determined directly by reference to published price quotations in an active market.

7. PROPERTY, PLANT AND EQUIPMENT

Cost	**Office furniture and equipment**	**Computer equipment**	**Field equipment**	**Camp and buildings**	**Total**
	$	$	$	$	$
Balance at December 31, 2013	41,128	27,297	68,854	163,060	300,339
Disposals	(11,546)	-	(53,706)	(163,060)	(228,312)
Balance at September 30, 2014	29,582	27,297	15,148	-	72,027

Amortization and impairment	**Office furniture and equipment**	**Computer equipment**	**Field equipment**	**Camp and buildings**	**Total**
	$	$	$	$	$
Balance at December 31, 2013	16,366	21,623	31,745	40,279	110,013
Additions	10,235	2,099	2,694	4,629	19,657
Disposals	(6,737)	-	(26,567)	(44,908)	(78,212)
Balance at September 30, 2014	19,864	23,722	7,872	-	51,458

Carrying amounts	**Office furniture and equipment**	**Computer equipment**	**Field equipment**	**Camp and buildings**	**Total**
	$	$	$	$	$
At December 31, 2013	24,762	5,674	37,109	122,781	190,326
At September 30, 2014	9,718	3,575	7,276	-	20,569

(Expressed in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSETS

	December 31, 2012 $	Additions (Recoveries) $	December 31, 2013 $	Additions (Recoveries) $	September 30, 2014 $
Peru					
Hatum Minas Properties	1,470,906	-	1,470,906	-	1,470,906
Total Exploration Properties	1,470,906	-	1,470,906	-	1,470,906

Hatum Minas Properties
In July 2010, the Company acquired certain mineral properties in Peru (the "Hatum Minas Properties") from Double Jack Mines Limited ("Double Jack"). The Company issued 9,393,346 common shares (valued at $1,268,102) to the Double Jack shareholders as consideration.

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

See Exploration and Evaluation Expenditures (Note 12).

9. PROMISSORY NOTES AND INTEREST EXPENSE

In March and April 2014 the Company issued a total of $58,000 in unsecured promissory notes bearing interest at an annual rate of 18% and repayable on demand. As at September 30, 2014 the promissory notes and accumulated interest of $2,055 had been paid (Note 14).

10. CAPITAL STOCK AND OTHER EQUITY

a) Authorized, Issued and Outstanding shares

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

A summary of common shares outstanding as at September 30, 2014 and December 31, 2013 and changes during the periods then ended are presented below:

	Shares #	*Amount* $
Balance, December 31, 2012	222,361,435	49,542,440
Issued in private placements (net of share issue costs) (i)	11,970,000	348,298
Value assigned to warrants issued in private placements, net of costs (Note 10(b))	-	(46,597)
Balance, December 31, 2013 and September 30, 2014	234,331,435	49,844,141

(i) In September 2013, the Company closed a private placement by issuing 11,970,000 units at $0.03 per unit for gross proceeds of $359,100. 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 $0.06 for a period of one year from the closing of the Offering and thereafter at an exercise price of $0.10 until the date that is two years from the closing of the Offering. In relation to this private placement 66,667 finders share purchase warrants exercisable under the same terms as the common share purchase warrant were issued, (valued at $800) and commissions and issue costs of $10,802 were paid.

(Expressed in Canadian dollars)

10. CAPITAL STOCK AND OTHER EQUITY (Continued)

b) Share Purchase Warrants

A summary of warrants outstanding as at September 30, 2014 and December 31, 2013 and changes during the periods then ended are presented below:

	Warrants #	Amount $	Weighted average exercise price $
Balance, December 31, 2012	25,710,579	681,856	0.19
Issued in private placements (Note 9(b)(i))	5,985,000	45,797	0.06
Issued as finders warrants	66,667	800	0.06
Expired	(20,710,579)	(508,184)	
Balance, December 31, 2013 and September 30, 2014	11,051,667	220,269	0.17

(i) As a result of $359,100 private placement in September 2013, the Company issued 5,985,000 warrants (valued at $45,797) with an exercise price of $0.06 for a period of one year from the closing of the Offering and an exercise price of $0.10 until the date that is two years from the closing of the Offering. The Company issued 66,667 broker warrants (valued at $800) having the same terms as the warrants issued as part of the private placement. The fair value of the warrants and broker warrants issued in this private placement were estimated at the date of grant using the Black-Sholes option pricing model with the following weighted average assumptions: expected dividend yield of 0%; expected volatility of 122%; risk-free interest rate of 0.99%; and an expected life of twenty-four (24) months.

The following common share purchase warrants are outstanding at September 30, 2014:

Date Issued	Warrants Outstanding #	Exercise Price $	Expiry Date
September 28, 2012	2,500,000	0.25	December 31, 2014 (1)
September 28, 2012	2,500,000	0.35	March 28, 2015
August 16, 2013	2,000,000	0.10	August 16, 2015
September 12, 2013	3,668,333	0.10	September 12, 2015
September 26, 2013	383,334	0.10	September 26, 2015
	11,051,667		

As at September 30, 2014, the weighted average remaining contractual life of warrants outstanding was 0.67, years.

(1) The expiry date of these warrants was extended from March 28, 2014 to December 31, 2014.

11. SHARE-BASED PAYMENTS – EMPLOYEE SHARE OPTION PLAN

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

(Expressed in Canadian dollars)

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

The aggregate number of share 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 after issuance. All options issued since May 2010 have vested 100% on the date of grant.

A summary of the status of the Plan as at September 30, 2014 and December 31, 2013, and changes during the periods ended on those dates are presented below:

	Number of options #	Weighted average exercise price $
Balance, December 31, 2012	18,890,000	0.20
Granted	600,000	0.10
Expired	(1,495,000)	0.16
Balance, December 31, 2013	17,995,000	0.18
Expired	(3,995,000)	0.17
Balance, September 30, 2014	14,000,000	0.19

In February 2013, the Company granted 600,000 options exercisable at $0.10 for a period of five years. The grant included 350,000 options to employees of the Company, 200,000 options to consultants and 50,000 to a related party.

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

	2013
Risk-free interest rate	1.580%
Expected life	5 years
Expected volatility	100%
Expected dividend yield	nil%

As at September 30, 2014, the Company had outstanding share options issued to directors, officers and employees of the Company as follows:

Date of Grant	Options Outstanding #	Options Vested #	Exercise Price $	Expiry Date
July 9, 2010	1,250,000	1,250,000	0.15	July 9, 2015
March 14, 2011	4,250,000	4,250,000	0.29	March 14, 2016
June 29, 2011	1,650,000	1,650,000	0.215	June 29, 2016
January 11, 2012	1,200,000	1,200,000	0.24	January 10, 2017
April 18, 2012	500,000	500,000	0.15	April 18, 2017
June 28, 2012	3,450,000	3,450,000	0.10	June 28, 2017
August 20, 2012	950,000	950,000	0.10	August 20, 2017
October 1, 2012	200,000	200,000	0.15	October 1, 2017
February 19, 2013	550,000	550,000	0.10	February 18, 2018
	14,000,000	14,000,000		

The weighted average remaining contractual life of options issued and outstanding as at September 30, 2014 was 2.05 years.

(Expressed in Canadian dollars)

12. EXPLORATION AND EVALUATION EXPENDITURES

Total exploration and evaluation expenditures are as follows:

	Total $
Balance, December 31, 2012	18,356,084
Additions	1,544,482
Balance, December 31, 2013	19,900,566
Additions	872,121
Recovery	(7,163,619)
Balance, September 30, 2014	13,609,068

During the nine months ended September 30, 2014, the Company had a net recovery of exploration and evaluation expenditures of $6,291,498 (September 30, 2013 – expenditures of $1,314,433) due to the sale of the Aguila and Corongo projects on May 8, 2014.

Minera Aguila de Oro SAC Properties
The Company holds a 100% interest in the Mamanina Project located in north central Peru. Title to the concessions comprising this project is held by the Company's wholly owned subsidiary, Minera Aguila de Oro SAC.

On May 8th, 2014 the Company sold its 100% interest in the Aguila asset and related exploration camp and storage facilities, and its 50% interest in the Corongo project for gross proceeds to the Company of US$7,000,000.

Don Pancho Project
In December 2012, the Company entered into a Definitive Agreement (the "Option Agreement") with a private Peruvian mining company (the "Optionee") whereby the Optionee can earn a 70% interest in the Company's Don Pancho Project for total cash consideration of US$2,030,000, payable as follows:

- USD$30,000 upon signing the letter of intent (received - $29,700);
- USD$250,000 upon signing the definitive agreement (received - $248,200 on December 4, 2012);
- USD$750,000 on the 18 month anniversary date of the definitive agreement; and
- USD$1,000,000 on the 42 month anniversary date of the definitive agreement.

The Optionee is also required to
- Perform at least 3,000 metres of diamond drilling within 18 months of signing the definitive agreement;
- Incur USD$3,500,000 in exploration expenditures during the first 24 months after signing the definitive agreement; and
- Prepare an economic study within 6 months following the completion of the exploration program.

In August 2014 the Optionee terminated the Option Agreement on the Don Pancho property.

Minasnioc Property
The Minasnioc Gold Project 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, Empresa Querco SAC (formerly Laramarca Exploraciones SAC).

In April 2012, the Company acquired from Barrick Gold Corp. ("Barrick") the historical geological and drill data for Minasnioc. Furthermore, the Company acquired three additional concessions (Aura Azul 6, 7 and 8)

(Expressed in Canadian dollars)

12. EXPLORATION AND EVALUATION EXPENDITURES (Continued)

from Barrick totaling an additional 2,000 hectares. The Company issued 1,000,000 common shares (valued at $115,000 based on the quoted market price of the shares on the date of issuance) to Barrick as consideration paid for the data acquired and transfer of concessions. These concessions are subject to a 2% Net Smelter Return. The existing concession held by the Company is not subject to any royalty.

In January 2013, the Company signed a Definitive Agreement with Rio Alto, whereby Rio Alto has the option to acquire a 51% interest in the Minasnioc property within a three (3) year period by:

- Performing all necessary exploration work in order to define a mineral resources and commission a technical report;
- Making a cash payment to Duran of $500,000; and
- Exercising all of the Series A Warrants (2,500,000 warrants at an exercise price of $0.25 per share); expiring on December 31, 2014 and Series B Warrants (2,500,000 warrants at an exercise price of $0.35 per share; expiring on March 28, 2015) issued on September 28, 2012.

Rio Alto may earn an additional 19% interest in the Minasnioc property within the subsequent two (2) year period by undertaking all necessary actions required to prepare the Minasnioc property for a production decisions, and making a payment to Duran of $500,000.

Upon Rio Alto earning the 51% interest, they will be deemed to have entered into a joint venture with the Company.

(See Note 17).

13. GAIN (LOSS) PER SHARE

a) Basic

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

	Three-Months Ended September 30,		Nine-Months Ended September 30,	
	2014	2013	2014	2013
Comprehensive gain (loss) for the period	403,688	(575,563)	5,558,731	(2,003,589)
Weighted average number of common shares outstanding	234,331,435	225,760,638	234,331,435	223,506,638
Gain (loss) per share	0.002	(0.002)	0.02	(0.01)

b) Diluted

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

Diluted gain per common share is equal to the basic gain per common share as the exercise price of the stock options and warrants outstanding was lower than the Company's share price during the period.

(Expressed in Canadian dollars)

14. GENERAL AND ADMINISTRATIVE

	Three Months Ended September 30 $		Nine Months Ended September 30 $	
	2014	2013	2014	2013
Management and consulting fees	73,126	40,728	219,378	185,309
Professional fees	11,613	80,289	173,815	133,643
Accounting and administration	15,569	14,729	53,555	52,126
Shareholder relations and filing fees	7,617	17,751	75,565	66,607
Office and general	4,139	2,807	10,613	10,768
Insurance	8,762	2,355	21,751	27,620
Telephone and communications	2,679	5,538	6,844	13,901
Travel	17,205	5,756	37,805	34,232
Rent	16,096	20,157	26,794	50,014
Foreign Exchange Loss (Gain)	(103,114)	3,468	33,732	28,550
Amortization	8,560	7,255	19,657	21,766
Loss on sale of fixed asset	-	-	81,061	-
Share-based compensation	-	-	-	44,620
	62,252	200,833	760,570	669,156

15. RELATED PARTY TRANSACTIONS

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

The remuneration of key management personnel and a related party of the Company for the nine months ended September 30, 2014 and 2013 was as follows:

	2014 $	2013 $
Aggregate cash compensation	375,759	411,053
Share-based compensation	-	3,718
	375,759	414,771

No stock options were granted to related parties under the Company's stock option plan during the nine months ended September 30, 2014.

The related parties were awarded the following stock options during the nine months ended September 30, 2013:

Date of grant	Number of options	Exercise price	Expiry date
February 19, 2013	50,000	$0.10	February 20, 2018

During the nine months ended September 30, 2014 the Company issued $58,000 in promissory notes to an officer of the Company. As at September 30, 2014 the Company had repaid the promissory notes of $58,000 and interest of $2,055.

16. COMMITMENTS AND CONTINGENCIES

Lease agreement
The Company signed a lease agreement for office space expiring on May 31, 2016. The annual lease payments, before sub-lease revenue, are approximately $136,000. Effective December 1, 2013, the Company entered into an agreement to sub-lease this office space for annual lease payments receivable of approximately $125,200, expiring on May 31, 2016.

Effective December 1, 2013 the Company entered into an agreement to sub-lease additional office space expiring on July 30, 2016. The annual lease payment, before sub-lease income, is approximately $48,000.

Management contracts
Effective July 1, 2013, the Company entered into certain management and consulting contracts. Minimum annual commitments under the agreements are approximately $405,000. These contracts also require that additional payments of up to $1,035,000 be made upon the occurrence of certain events such as a change of control.

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

The Company is, from time to time, involved in various claims and legal proceedings. The Company cannot reasonably predict the likelihood or outcome of these activities. The Company does not believe that adverse decisions in any pending or threatened proceedings related to any matter, or any amount which may be required to be paid by reasons thereof, will have a material effect on the financial condition or future results of operations. As at September 30, 2014 and December 31, 2013, no amounts have been accrued related to such matters.

17. SUBSEQUENT EVENTS

On November 24, 2014 Rio Alto Mining Limited advised the Company that it has decided not to exercise its option on the Minasnioc Gold Project.