

# **DURAN VENTURES INC.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE AND SIX MONTH PERIODS ENDED**

**JUNE 30, 2015**

**(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**  
**JUNE 30, 2015**  
**(Unaudited)**  
**(Expressed in Canadian dollars)**

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DURAN VENTURES INC.  
**CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS**  
(Unaudited – Prepared by Management)  
(Expressed in Canadian dollars)

	June 30, 2015 \$	December 31, 2014 \$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	4,051,718	4,950,363
Marketable securities (Note 6)	5,000	5,000
Prepaid expenses and advances	19,164	36,767
Amounts receivable	40,426	86,819
Derivative instruments (Note 7)	-	62,200
<b>TOTAL CURRENT ASSETS</b>	<b>4,116,308</b>	<b>5,141,149</b>
<b>PROPERTY, PLANT AND EQUIPMENT</b> (Note 8)	<b>7,976</b>	<b>11,024</b>
<b>EXPLORATION AND EVALUATION ASSETS</b> (Notes 9 and 12)	<b>1,470,906</b>	<b>1,470,906</b>
<b>TOTAL ASSETS</b>	<b>5,595,190</b>	<b>6,623,079</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	101,066	188,376
<b>DEFERRED TAX LIABILITY</b>	<b>111,000</b>	<b>111,000</b>
<b>TOTAL LIABILITIES</b>	<b>212,066</b>	<b>299,376</b>
<b>SHAREHOLDERS' EQUITY</b>		
<b>CAPITAL STOCK</b> (Note 10)	<b>49,805,521</b>	<b>49,805,521</b>
<b>WARRANT RESERVE</b> (Note 10)	<b>53,828</b>	<b>140,664</b>
<b>SHARE-BASED PAYMENT RESERVE</b> (Note 11)	<b>1,529,845</b>	<b>1,790,337</b>
<b>ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME</b>	<b>(162,000)</b>	<b>(162,000)</b>
<b>DEFICIT</b>	<b>(45,844,070)</b>	<b>(45,250,819)</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>5,383,124</b>	<b>6,323,703</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>5,595,190</b>	<b>6,623,079</b>
<b>ONGOING OPERATIONS</b> (Note 2)		
<b>COMMITMENTS AND CONTINGENCIES</b> (Note 16)		

APPROVED ON BEHALF OF THE BOARD:

Signed "Joseph Del Campo" , Director

Signed "Jeffrey Reeder" , Director

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

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	Three-Months Ended		Six-Months Ended	
	June 30		June 30	
	\$		\$	
	2015	2014	2015	2014
<b>EXPENSES</b>				
Exploration and evaluation expenditures (recovery) (Note 12)	<b>428,990</b>	(6,690,269)	<b>694,301</b>	(6,631,245)
General and administration (Note 14)	<b>259,210</b>	397,123	<b>515,122</b>	698,318
Loss (Income) before the following:	<b>688,200</b>	(6,293,146)	<b>1,209,423</b>	(5,932,927)
Interest (income) expense	<b>(10,492)</b>	1,051	<b>(22,444)</b>	1,849
Realized gain on derivative instruments (Note 7)	<b>(251,550)</b>	-	<b>(308,600)</b>	-
Change in unrealized gain on derivative instruments	<b>307,600</b>	-	<b>62,200</b>	-
<b>NET LOSS (INCOME) and COMPREHENSIVE LOSS (INCOME)</b>	<b>733,758</b>	(6,292,095)	<b>940,579</b>	(5,931,078)
<b>Loss (Income) per share – basic and diluted</b>	<b><u>0.003</u></b>	<b><u>(0.027)</u></b>	<b><u>0.004</u></b>	<b><u>(0.025)</u></b>
<b>Weighted average number of common shares outstanding</b>	<b><u>234,149,870</u></b>	<b><u>234,331,435</u></b>	<b><u>234,149,870</u></b>	<b><u>234,331,435</u></b>

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

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

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	Three-Months Ended		Six-Months Ended	
	June 30		June 30	
	\$		\$	
	2015	2014	2015	2014
<b>Accumulated other comprehensive loss at beginning of period</b>	<b>(162,000)</b>	(157,000)	<b>(162,000)</b>	(157,000)
Unrealized gain (loss) on marketable securities	-	-	-	-
<b>Accumulated other comprehensive loss at end of period</b>	<b>(162,000)</b>	(157,000)	<b>(162,000)</b>	(157,000)

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

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

FOR THE THREE-MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2015 AND 2014 AND THE YEAR ENDED DECEMBER 31, 2014

(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, 2013	49,844,141	220,269	2,264,550	(157,000)	(50,973,646)	1,198,314
Value of warrants and options expired	-	-	(7,324)	-	7,324	-
Net (loss)	-	-	-	-	(790,189)	(790,189)
Balance, June 30, 2014	49,844,141	220,269	2,257,226	(157,000)	(51,756,511)	408,125
Value of warrants and options expired	-	(79,605)	(466,889)	-	546,494	-
Share cancellation	(38,620)	-	-	-	38,620	-
Unrealized loss on marketable securities	-	-	-	(5,000)	-	(5,000)
Tax effect of warrants expired	-	-	-	-	(10,500)	(10,500)
Net income (loss)	-	-	-	-	5,931,078	5,931,078
Balance, December 31, 2014	49,805,521	140,664	1,790,337	(162,000)	(45,250,819)	6,323,703
Value of warrants and options expired	-	(86,836)	(260,492)	-	347,328	-
Net (loss)	-	-	-	-	(940,579)	(940,579)
Balance, June 30, 2015	49,805,521	53,828	1,529,845	(162,000)	(45,844,070)	5,383,124

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		Six-Months Ended	
	June 30		June 30	
	\$		\$	
	2015	2014	2015	2014
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>				
Net (loss) income for the period	<b>(733,758)</b>	6,292,095	<b>(940,579)</b>	5,931,078
Add items not requiring cash:				
Amortization	<b>1,524</b>	3,842	<b>3,048</b>	11,097
Loss on sale of fixed assets	-	81,061	-	81,061
Change in non-cash operating working capital:				
Decrease (increase) in prepaids and advances	<b>15,139</b>	(6,355)	<b>17,603</b>	(8,041)
Decrease (increase) in amounts receivable	<b>43,720</b>	(201,736)	<b>46,393</b>	(180,019)
Decrease (increase) in derivative instrument	<b>307,600</b>	-	<b>62,200</b>	-
Decrease in accounts payable and accrued liabilities	<b>(25,167)</b>	(435,689)	<b>(87,310)</b>	(89,976)
Cash flows (used in) operating activities	<b>(390,942)</b>	5,733,218	<b>(898,645)</b>	5,745,200
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Promissory notes repaid	-	(58,000)	-	(58,000)
Promissory notes issued	-	-	-	58,000
Payment received on sale of fixed assets	-	69,039	-	69,039
Cash flows from financing activities	-	11,039	-	69,039
Increase (decrease) in cash	<b>(390,942)</b>	5,744,257	<b>(898,645)</b>	5,814,239
Cash, beginning of period	<b>4,442,661</b>	138,839	<b>4,950,363</b>	68,857
Cash, end of period	<b>4,051,719</b>	5,883,096	<b>4,051,718</b>	5,883,096

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



**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

JUNE 30, 2015 AND 2014

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

**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, and its wholly owned subsidiaries, Minera Aguila de Oro SAC, Empresa Querco 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.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

JUNE 30, 2015 AND 2014

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****(a) Statement of Compliance**

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 2014 annual financial statements which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The accounting policies and the application are consistent with those disclosed in Note 4 to the Company’s consolidated Financial Statements for the year ended December 31, 2014.

The policies applied in these unaudited condensed consolidated interim financial statements are based on the IFRS issued and effective as of June 30, 2015. Any subsequent changes to IFRS that are given effect in the Company’s annual consolidated financial statements for the year ending December 31, 2015 could result in restatement of these interim consolidated financial statements. These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on August 27, 2015.

**(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) 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, 2015 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 (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity’s own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

JUNE 30, 2015 AND 2014

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

**5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES**

Areas of critical accounting estimates and judgements that have the most significant effect on the amounts recognized in the condensed interim consolidated financial statements are disclosed in Note 5 of the Company's consolidated financial statement as at and for the year ended December 31, 2014.

**6. MARKETABLE SECURITIES**

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

**7. DERIVATIVE INSTRUMENTS****Foreign exchange forward contracts**

During the six months ended June 30, 2015 the Company was party to foreign exchange forward contracts to purchase US\$3,000,000 for Cdn\$3,425,900 as follows:

<b>Foreign exchange forward contracts</b>	<b>Buy Amount</b>	<b>Sell Currency</b>	<b>Sell Amount</b>	<b>Maturity Date</b>
USD	\$1,000,000	CAD	\$1,136,400	29-May-15
USD	\$1,000,000	CAD	\$1,136,000	29-May-15
USD	\$1,000,000	CAD	\$1,153,500	29-May-15
	<u>\$3,000,000</u>		<u>\$3,425,900</u>	

The Company does not apply hedge accounting to accounts for its foreign exchange forward contracts. On March 31, 2015 the Company settled US\$500,000 for a realized net gain of \$57,050. On May 26<sup>th</sup>, 2015 the Company settled the remaining US\$2,500,000 for a realized net gain of \$251,550, resulting in a total realized net gain of \$308,600 for the six months ended June 30, 2015 (2014 - \$Nil).

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

JUNE 30, 2015 AND 2014

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

**8. PROPERTY, PLANT AND EQUIPMENT**

Cost	Office furniture and equipment	Computer equipment	Field equipment	Camp and buildings	Total
	\$	\$	\$	\$	\$
Balance at December 31, 2014	29,582	27,297	15,148	-	72,027
Additions	-	-	-	-	-
Balance at June 30, 2015	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, 2014	28,291	24,462	8,250	-	61,003
Additions	902	1,992	154	-	3,048
Balance at June 30, 2015	29,193	26,454	8,404	-	64,051

Carrying amounts	Office furniture and equipment	Computer equipment	Field equipment	Camp and buildings	Total
	\$	\$	\$	\$	\$
At December 31, 2014	1,291	2,835	6,898	-	11,024
At June 30, 2014	389	843	6,744	-	7,976

**9. EXPLORATION AND EVALUATION ASSETS**

	December 31, 2013	Additions (Recoveries)	December 31, 2014	Additions (Recoveries)	June 30, 2015
	\$	\$	\$	\$	\$
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).

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

JUNE 30, 2015 AND 2014

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

**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 June 30, 2015 and December 31, 2014 and changes during the periods then ended are presented below:

	<i>Shares #</i>	<i>Amount \$</i>
Balance, December 31, 2013	234,331,435	49,844,141
Share cancellation (i)	<u>(181,565)</u>	<u>(38,620)</u>
Balance, December 31, 2014 and June 30, 2015	<u>234,149,870</u>	<u>49,805,521</u>

- (i) During the year ended December 31, 2014, the Company cancelled 181,565 shares relating to entitlement to unexchanged predecessor shares following the expiry of the period of surrender related to the acquisition of MacMillian Gold Corp. in October 2008.

**b) Share Purchase Warrants**

A summary of warrants outstanding as at June 30, 2015 and December 31, 2014 and changes during the periods then ended are presented below:

	<i>Warrants #</i>	<i>Amount \$</i>	<i>Weighted average exercise price \$</i>
Balance, December 31, 2013	11,051,667	220,269	0.17
Expired	<u>(2,500,000)</u>	<u>(79,605)</u>	0.25
Balance, December 31, 2014	8,551,667	140,664	0.21
Expired	<u>(2,500,000)</u>	<u>(86,836)</u>	0.35
Balance, June 30, 2015	<u>6,051,667</u>	<u>53,828</u>	0.10

The following common share purchase warrants are outstanding at June 30, 2015:

<i>Date Issued</i>	<i>Warrants Outstanding #</i>	<i>Exercise Price \$</i>	<i>Expiry Date</i>
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	<u>383,334</u>	0.10	September 26, 2015
	<u>6,051,667</u>		

As at June 30, 2015, the weighted average remaining contractual life of warrants outstanding was 0.18 years. (December 2014 - .55 years)

**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.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

JUNE 30, 2015 AND 2014

(Unaudited – Prepared by Management)

(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.

A summary of the status of the Plan as at June 30, 2015 and December 31, 2014, and changes during the periods ended on those dates are presented below:

	Number of options #	Weighted average exercise price \$
Balance, December 31, 2013	17,995,000	0.19
Expired	<u>(3,995,000)</u>	0.18
Balance, December 31, 2014	14,000,000	
Expired	<u>(2,200,000)</u>	0.12
Balance, June 30, 2015	<u>11,800,000</u>	0.14

As at June 30, 2015, 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	1,000,000	1,000,000	0.15	July 9, 2015
March 14, 2011	4,050,000	4,050,000	0.29	March 14, 2016
June 29, 2011	1,400,000	1,400,000	0.215	June 29, 2016
January 11, 2012	600,000	600,000	0.24	January 10, 2017
April 18, 2012	500,000	500,000	0.15	April 18, 2017
June 28, 2012	2,750,000	2,750,000	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	350,000	350,000	0.10	February 18, 2018
	<u>11,800,000</u>	<u>11,800,000</u>		

The weighted average remaining contractual life of options issued and outstanding as at June 30, 2015 was 1.33 years. (December 31, 2014 was 1.80 years).

**12. EXPLORATION AND EVALUATION EXPENDITURES**

Total exploration and evaluation expenditures are as follows:

	Total \$
Balance, December 31, 2013	19,900,566
Additions	1,500,919
Recovery	<u>(7,163,619)</u>
Balance, December 31, 2014	14,237,866
Additions	694,301
Balance, June 30, 2015	<u>14,932,167</u>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

JUNE 30, 2015 AND 2014

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

**12. EXPLORATION AND EVALUATION EXPENDITURES (Continued)**

During the six months ended June 30, 2015, the Company incurred net exploration and evaluation expenditures of \$694,301 (June 30, 2014 - had a net recovery of exploration and evaluation expenditures of \$6,631,245). During the year ended December 31, 2014, the Company had a net recovery of exploration and evaluation expenditures of \$5,662,700 due to the sale of the Aguila and Corongo projects on May 8, 2014.

**Mamaniña Project**

The Company holds a 100% interest in the Mamaniña copper/gold 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.

**Panteria Project**

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

**Don Pancho Project**

The Company holds a 100% interest in the Don Pancho silver lead zinc project located in central Peru. Title to the Don Pancho Project is held by Hatum Minas SAC, the Company's wholly-owned Peruvian subsidiary.

In December 2012, the Company entered into a Definitive Agreement (the "Option Agreement") with a private Peruvian mining company (the "Optionee") whereby the Optionee could 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 was 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 Company was advised by the Optionee that it was terminating the Option Agreement on the Don Pancho property.

**Ichuña Project**

The Company holds a 100% interest in the Ichuña copper/silver project, located in southern Peru. Title to the Ichuña Project is held by Hatum Minas SAC, the Company's wholly-owned Peruvian subsidiary.

**Minasnioc Project**

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.

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

JUNE 30, 2015 AND 2014

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

**12. EXPLORATION AND EVALUATION EXPENDITURES (Continued)****Minasnioc Project (Continued)**

In January 2013, the Company signed a Definitive Agreement with Rio Alto Mining Limited (“Rio Alto”), whereby Rio Alto had 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 could 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.

In November 2014 Rio Alto advised the Company that it would not exercise its option on the Minasnioc Gold Project.

**Aguila and Corongo Projects**

On May 8, 2014, the Company sold its 100% interest in the Aguila mining concessions and related assets, exploration camp and storage facilities, and its 50% interest in the Corongo project for gross proceeds to the Company of US\$7,000,000 (Cdn\$7,163,619).

**13. LOSS PER SHARE****a) Basic**

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

	Three-Months Ended June 30,		Six-Months Ended June 30,	
	2015	2014	2015	2014
Comprehensive (loss) income for the period	<b>(733,758)</b>	6,292,094	<b>(940,579)</b>	5,931,078
Weighted average number of common shares outstanding	<b>234,149,870</b>	234,331,435	<b>234,149,870</b>	234,331,435
Income (loss) per share	<b>(0.003)</b>	0.03	<b>(0.004)</b>	0.03

**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.



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**14. GENERAL AND ADMINISTRATIVE**

	Three-Months Ended June 30		Six-Months Ended June 30	
	\$		\$	
	2015	2014	2015	2014
Management and consulting fees	75,625	73,126	151,250	146,252
Director fees	10,000	-	17,000	-
Professional fees	24,693	13,197	35,849	162,202
Accounting and administration	15,933	19,696	34,196	37,986
Shareholder relations and filing fees	25,427	33,870	39,984	67,948
Office and general	5,681	2,358	11,720	6,474
Insurance	7,747	7,431	16,276	12,989
Telephone and communication	1,983	2,617	4,924	4,165
Travel and promotion	20,223	19,253	29,416	20,600
Rent	5,532	4,778	11,824	10,698
Foreign exchange loss	64,842	135,894	159,635	136,846
Amortization	1,524	3,842	3,048	11,097
Loss on sale of fixed assets	-	81,061	-	81,061
	<u>259,210</u>	<u>397,123</u>	<u>515,122</u>	<u>698,318</u>

**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 six months ended June 30, 2015 and 2014 was as follows:

	2015	2014
	\$	\$
Aggregate cash compensation	271,584	250,506
Director's fees	17,000	-
	<u>288,584</u>	<u>250,506</u>

**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 January 1, 2015, the Company entered into certain management and consulting contracts. Minimum annual payments are approximately \$415,000. These contracts also require that additional payments of up to \$1,055,000 be made upon the occurrence of certain events such as a change of control.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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**16. COMMITMENTS AND CONTINGENCIES (Continued)****Management contracts (Continued)**

As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

**Environmental matters**

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

**17. SUBSEQUENT EVENTS**

On July 9, 2015 a total of 1,000,000 share options expired without exercise.

On August 10, 2015 a total of 2,000,000 common share purchase warrants expired without exercise.