DURAN VENTURES INC.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

(Expressed in Canadian dollars)

DURAN VENTURES INC.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

(Expressed in Canadian dollars)

UHY McGovern Hurley LLP
Chartered Professional Accountants

251 Consumers Road, Suite 800
Toronto, Ontario
M2J 4R3
Canada

Tel 416-496-1234
Fax 416-496-0125
Email info@uhymh.com
Web www.uhymh.com

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Duran Ventures Inc.

We have audited the accompanying consolidated financial statements of Duran Ventures Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2017 and 2016, and the consolidated statements of operations, consolidated statements of loss and other comprehensive loss, consolidated statements of changes in shareholders' equity, and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Duran Ventures Inc. and its subsidiaries as at December 31, 2017 and 2016, and their financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the consolidated financial statements,which indicates that Duran Ventures Inc. had continuing losses during the year ended December 31, 2017 and a cumulative deficit and working capital deficiency as at December 31, 2017. These conditions along with other matters set forth in Note 2 indicate the existence of material uncertainties, which cast significant doubt about the ability of Duran Ventures Inc. to continue as a going concern.

UHY McGovern Hurley LLP

UHY McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
April 26, 2018

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)
AS AT

	December 31, 2017 $	December 31, 2016 $
ASSETS		
CURRENT		
Cash	85,538	43,003
Marketable securities (Note 6)	70,000	-
Prepaid expenses and advances	11,696	57,503
Amounts receivable	67,944	84,100
Inventory	45,040	145,681
TOTAL CURRENT ASSETS	280,218	330,287
PROPERTY, PLANT AND EQUIPMENT (Note 7)	1,960,069	1,966,949
EXPLORATION AND EVALUATION ASSETS (Notes 8 and 13)	582,051	803,051
	2,822,338	3,100,287
TOTAL ASSETS		
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilites	781,777	424,564
Promissory notes and interest payable (Note 9)	203,941	-
Due to related parties (Note 17)	320,928	169,394
TOTAL LIABILITIES	1,306,646	593,958
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (Note 10(a))	50,966,189	50,402,306
WARRANT RESERVE (Note 10(b))	629,539	504,459
SHARE-BASED PAYMENT RESERVE (Note 11)	112,028	318,816
ACCUMULATED OTHER COMPREHENSIVE INCOME	5,000	-
DEFICIT	(50,079,918)	(48,749,621)
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO SHAREHOLDERS	1,632,838	2,475,960
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTEREST	(117,146)	30,369
TOTAL SHAREHOLDERS' EQUITY	1,515,692	2,506,329
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,822,338	3,100,287

GOING CONCERN (Note 2)

COMMITMENTS AND CONTINGENCIES (Note 20)

SUBSEQUENT EVENTS (Note 22)

APPROVED ON BEHALF OF THE BOARD:

Signed "Steve Brunelle", Director

Signed "Jeffrey Reeder", Director

See accompanying notes to the consolidated financial statements.

DURAN VENTURES INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(Expressed in Canadian dollars)
FOR THE YEARS ENDED DECEMBER 31,

	2017 **$**	2016 $
EXPENSES		
Plant start-up expenses (Note 15)	**987,718**	877,290
Exploration and evaluation expenditures (Note 13)	**150,898**	625,994
Impairment reversal of exploration and evaluation assets (Note 8)	**(9,000)**	(221,000)
General and administrative (Note 16)	**616,430**	819,432
Loss before the following:	**1,746,046**	2,101,716
Foreign exchange loss	**987**	202,275
Realized (gain) loss on sale of marketable securities (Note 6)	**(1,114)**	149,306
Interest expense	**24,681**	-
NET LOSS FOR THE YEAR	**1,770,600**	2,453,297
NET LOSS FOR THE YEAR ATTRIBUTABLE TO:		
Non-controlling interest	**147,515**	29,581
Shareholders	**1,623,085**	2,423,716
	1,770,600	2,453,297
Loss per share - basic and diluted (Note 14)	**0.03**	0.06
Weighted average number of common shares Outstanding - basic and diluted	**48,999,985**	37,995,598

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF LOSS AND OTHER COMPREHENSIVE LOSS
(Expressed in Canadian dollars)
FOR THE YEARS ENDED DECEMBER 31,

	2017 **$**	2016 $
Net loss for the year	**1,770,600**	2,453,297
Items that are or may be subsequently reclassifed to net loss		
Unrealized (gain) loss on marketable securities	**(6,114)**	12,306
Reclassification of realized gain (loss) on marketable securities to net loss	**1,114**	(149,306)
Other comprehensive loss for the year	**1,765,600**	2,316,297
Total comprehensive loss attributable to:		
Non-controlling interest	**147,515**	29,581
Shareholders	**1,618,085**	2,286,716
	1,765,600	2,316,297

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian dollars)

FOR THE YEARS ENDED DECEMBER 31

	Common Shares	Warrants						
	Amount	Reserve Amount	Share-based Payment Reserve	Accumulated Other Comp. Income	Deficit	Total	Non-Controlling Interest	Total Shareholders' Equity
	$	$	$	$	$	$	$	$
Balance, December 31, 2015	49,830,521	-	1,390,079	(137,000)	(47,397,168)	3,686,432	-	3,686,432
Shares and warrants issued for cash	571,785	503,894	-	-	-	1,075,679	-	1,075,679
Warrants issued as finder's fee	-	565	-	-	-	565	-	565
Value of warrants and options expired	-	-	(1,071,263)	-	1,071,263	-	-	-
Unrealized loss on marketable securities	-	-	-	(12,306)	-	(12,306)	-	(12,306)
Reclassification of loss on marketable securities	-	-	-	149,306	-	149,306	-	149,306
Issuance of non-controlling interest	-	-	-	-	-	-	59,950	59,950
Net (loss)	-	-	-	-	(2,423,716)	(2,423,716)	(29,581)	(2,453,297)
Balance, December 31, 2016	50,402,306	504,459	318,816	-	(48,749,621)	2,475,960	30,369	2,506,329
Shares issued for cash - exercise of warrants	33,676	(7,276)	-	-	-	26,400	-	26,400
Shares issued for debt settlement	96,063	-	-	-	-	96,063	-	96,063
Shares and warrants issued for cash	434,144	132,356	-	-	-	566,500	-	566,500
Share based payment	-	-	86,000	-	-	86,000	-	86,000
Value of options expired	-	-	(292,788)	-	292,788	-	-	-
Unrealized gain on marketable securities	-	-	-	6,114	-	6,114	-	6,114
Reclassification of gain on marketable securities	-	-	-	(1,114)	-	(1,114)	-	(1,114)
Net (loss)	-	-	-	-	(1,623,085)	(1,623,085)	(147,515)	(1,770,600)
Balance, December 31, 2017	50,966,189	629,539	112,028	5,000	(50,079,918)	1,632,838	(117,146)	1,515,692

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)
FOR THE YEARS ENDED DECEMBER 31,

	2017	2016
	$	$
CASH FLOWS PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net (loss) for the year	**(1,770,600)**	(2,453,297)
Add items not requiring cash:		
Share based payments	**86,000**	-
Interest payable on promissory notes	**24,681**	-
Realized (gain) loss on sale of marketable securities	**(1,114)**	149,306
Impairment reversal of exloration and evaluation assets	**(9,000)**	(221,000)
Amortization	**632**	632
Changes in non-cash operating working capital:		
Increase in prepaid expenses and advances	**45,807**	1,178
Decrease (increase) in amounts receivable	**16,156**	(18,329)
Decrease (Increase) in inventory	**100,641**	(128,573)
Increase in accounts payable and accrued liabilities	**396,406**	141,602
Increase in due to related parties	**162,664**	139,394
Cash flows from operating activities	**(947,727)**	(2,389,087)
INVESTING ACTIVITIES		
Proceeds on sale of exploration and evaluation assets	**100,000**	22,005
Proceeds on sale of marketable securities	**66,114**	-
Additions to property, plant and equipment	**(52,895)**	(1,419,383)
Net proceeds from plant comissioning revenue	**59,143**	-
Issuance of non-controlling interest	**-**	4,415
Decrease (increase) in deposits paid on property, plant and equipment	**-**	250,921
Cash flows from investing activities	**172,362**	(1,142,042)
FINANCING ACTIVITIES		
Promissory notes received	**225,000**	-
Issuance of private placement units for cash	**566,500**	1,109,423
Issue costs	**-**	(33,179)
Shares issued for cash - exercise of warrants	**26,400**	-
Cash flows from financing activities	**817,900**	1,076,244
Increase in cash	**42,535**	(2,454,885)
Cash, beginning of year	**43,003**	2,497,888
Cash, end of year	**85,538**	43,003
Supplemental information		
Marketable securities received for sale of assets	**130,000**	-
Common shares issued for debt	**96,063**	-
Common shares issued for finder's fee	**-**	565

1. GENERAL INFORMATION

Duran Ventures Inc. ("Duran" or "the Company") is a publicly listed company originally incorporated in British Columbia and subsequently continued in Ontario under the Canada Business Corporations Act. The Company's common shares have been listed on the TSX Venture Exchange ("TSXVE") 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 603, Toronto, Ontario, Canada M5J 1T1 and substantially all of the Company's corporate and 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 property, plant and equipment 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, social and environmental requirements.

These consolidated 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. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The Company also had a loss during the year ended December 31, 2017 and a cumulative deficit and working capital deficiency as at December 31, 2017. Management is aware, in making its assessment, of material uncertainties related to events or conditions that cast significant doubt upon the Company's ability to continue as a going concern. 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. If the going concern assumption is not appropriate, material adjustments to the consolidated financial statements may be required.

3. BASIS OF CONSOLIDATION

These consolidated financial statements include the accounts of the Company, which is incorporated in Canada under the Canada Business Corporations Act, and its wholly owned subsidiaries, Corongo Exploraciones SAC ("Corongo"), Empresa Querco SAC ("Querco"), Mamaniña Exploraciones SAC ("Mamaniña Exploraciones") and Hatum Minas SAC ("Hatum Minas"), and it's 80% owned subsidiary companies Minera Aguila de Ora SAC ("Madosac") and Insumos Y Minerales del Notre SRL ("Insumos"), all of which were incorporated in Peru. Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. All inter-company balances and transactions have been eliminated. The consolidated financial statements include all the assets, liabilities,

3. BASIS OF CONSOLIDATION (continued)

revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

For non-wholly owned, controlled subsidiaries, the net assets attributable to outside equity shareholders are presented as “non-controlling interests” in the equity section of the consolidated statement of financial position.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

These consolidated financial statements of the Company and its subsidiaries were prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

The Company has consistently applied the accounting policies used in preparation of these consolidated financial statements throughout all the periods presented. Significant accounting judgements and estimates used by management in the preparation of these consolidated financial statements are presented in Note 5.

The policies applied in these consolidated financial statements are based on the IFRS issued and effective as of December 31, 2017. These consolidated financial statements were approved and authorized for issue by the Board of Directors on April 26, 2018.

(b) Basis of preparation

The consolidated 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, 2018 or later periods. Many are not applicable or do not have significant impact to the Company and have been excluded. They have not been early adopted in these consolidated financial statements, and management is evaluating these pronouncements to determine the impact on consolidated financial statements. In all cases the Company intends to apply these standards from application date as indicated below:

- IFRS 2 Share-based Payment

  IFRS 2 – Share-based Payment (“IFRS 2”) was amended by the IASB in June 2016 to clarify the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2019, with earlier application permitted.

- 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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Standards, Amendments and Interpretations Not Yet Effective (continued)

- IFRS 9 Financial Instruments (continued)

  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.

  IFRS 10 Consolidated Financial Statements

  IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

- IFRS 16 Leases

  IFRS 16 – Leases ("IFRS 16") was issued by the IASB on January 13, 2016 and replaces IAS17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS16 states that upon lease commencement a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption permitted.

- IFRIC 22 Foreign Currency Transactions and Advance Consideration

  IFRIC 22 – Foreign Currency Transactions and Advance Consideration ("IFRIC 22") was issued in December 2016 and addresses foreign currency transactions or parts of transactions where there is consideration that is denominated in a foreign currency; a prepaid asset or deferred income liability is recognized in respect of that consideration, in advance of the recognition of the related asset, expense or income; and the prepaid asset or deferred income liability is non-monetary. The interpretation committee concluded that the date of the transaction, for purposes of determining the exchange rate, is the date of initial recognition of the non-monetary prepaid asset or deferred income liability. IFRIC 22 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Standards, Amendments and Interpretations Not Yet Effective (continued)

- IFRIC 23 Uncertainty Over Income Tax Treatments

  IFRIC 23 – Uncertainty Over Income Tax Treatments ("IFRIC 23") was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted.

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.

(d) Share-based payments

The share option plan allows employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in share-based payment reserve. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. The fair value is estimated at the grant date and each tranche is recognized on a graded vesting basis over the period during which the options vest. The fair value of the options granted is estimated using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each reporting date, the amount recognized in profit and loss is adjusted to reflect the actual number of share options that are expected to vest.

Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

The offset to the recorded cost is to share-based payments reserve.

Upon expiry of share options, the recorded value is transferred to deficit from share-based payment reserve.

(e) Income taxes

Income tax for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case, it is recognized in equity.

<u>Deferred taxes</u>

Deferred income tax assets and liabilities are recognized for the estimated future income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective income tax bases. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable profit; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Income taxes (continued)

Deferred income tax assets and liabilities are measured using income tax rates in effect for the period in which those temporary differences are expected to be recovered or settled based on the tax rates that have been enacted or substantively enacted by the end of the reporting period. The effect on deferred income tax assets and liabilities of a change in income tax rates or laws is recognized as part of the provision for income taxes in the period the changes are considered substantively enacted.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Current tax

This is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end adjusted for amendments to tax payable with regards to previous years.

(f) Exploration and evaluation assets and expenditures

Exploration and evaluation expenditures are expensed as incurred except for expenditures associated with the acquisition of exploration and evaluation assets through a business combination. Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

(g) Property, plant and equipment

Property, plant and equipment is carried at cost, less accumulated amortization and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the assets to a working condition for their intended use, the initial estimate of the rehabilitation provisions, and for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Costs associated with the commissioning of new assets, in the period before they are operating in the way intended by management, are capitalized, net of any pre-production revenues. Where an item of property, plant and equipment or mine properties comprises significant components with different useful lives, the components are accounted for as separate items of property, plant and equipment. Amortization is determined at rates which will reduce original cost to estimated residual value over the expected useful life of each asset. Amortization of the plant will commence when the commissioning is complete and it is available for its intended use.

(h) Impairment of non-financial assets

At each reporting date the carrying amounts of the Company's property, plant and equipment and exploration and evaluation assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Impairment of non-financial assets (continued)

recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the consolidated statement of operations for the period.

Impairment is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the individual assets of the Company are grouped together into cash generating units ("CGUs") for impairment purposes. Such CGUs represent the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets. This generally results in the Company evaluating its non-financial assets on a geographical or license basis.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(i) Foreign currencies

The functional and presentation currency of the Company and its subsidiaries is the Canadian dollar. The Company's foreign subsidiaries are considered extensions of the parent company. Monetary assets and liabilities are translated to Canadian dollars at the rate in effect at the reporting date. Non-monetary items are translated at historical rates. Revenue and expenses are translated at the average exchange rate for the period. The resulting gain or loss is included in the consolidated statement of operations.

(j) Financial assets and liabilities

Financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. The Company determines the classification of its financial assets at initial recognition.

The Company's financial assets and liabilities include cash, marketable securities, amounts receivable, accounts payable and accrued liabilities, promissory notes and interest payable, and due to related parties.

The Company has designated its cash and amounts receivable as loans and receivables, which are measured at amortized cost. Marketable securities have been classified as available-for-sale ("AFS") and are recorded at their fair values with changes in fair value included in other comprehensive loss until the asset is removed from the statement of financial position or until impairment is assessed as other than temporary. Regular purchases and sales of financial assets are recognized on the trade-date, the date on which the Company commits to purchase or sell the asset. Accounts payable and accrued liabilities, promissory notes and interest payable, and due to related parties are classified as other financial liabilities, which are measured at amortized cost.

Transaction costs associated with fair value through profit and loss financial assets and financial liabilities are expensed as incurred, while transaction costs associated with all other financial assets and other financial liabilities are included in the initial carrying amount of the asset or the liability.

Fair values are determined directly by reference to published price quotations in an active market. Changes in the fair value of these instruments are reflected in other comprehensive loss and included in shareholders' equity on the consolidated statement of financial position. All other non-derivative financial instruments were recorded at amortized cost, subject to impairment reviews.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Financial assets and liabilities (continued)

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at December 31, 2016, the Company had no financial instruments to classify in the fair value hierarchy. As at December 31, 2017, the Company had marketable securities that were classified as Level 1.

(k) Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be measured reliably. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimate future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(l) Decommissioning and restoration provisions

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising for the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged to profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight line method. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses. Changes in closure and reclamation estimates are accounted for as a change in the corresponding capitalized costs. Costs rehabilitation projects for which a provision has been recorded are recorded directly against the provision as incurred, most of which are incurred at the end of the life of the mine.

The Company did not have any significant decommissioning and restoration provisions as of December 31, 2017 and 2016.

Other provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash flow and timing can be reliably estimated.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Loss per share

Basic loss per common share is calculated by dividing the loss attributed to shareholders after adjusting for non-controlling interests, for the period by the weighted average number of common shares outstanding in the period. Diluted loss per common share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares. In the Company's case, diluted loss per share is the same for the years ended December 31, 2017 and 2016 as basic loss per share as the effects of including all outstanding options and warrants would be anti-dilutive.

(n) Joint arrangements

A portion of the Company's exploration activities may be conducted jointly with others wherein the Company enters into agreements that provide for specified percentage interests in mineral properties. Joint arrangement accounting is applied by the Company only when the parties have earned their respective interests and enter into formal comprehensive agreements for ownership and exploration participation. The Company was not party to any joint ventures or joint operations during the years ended December 31, 2017 and 2016.

(o) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues, incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. The Company operates in one business segment, mineral exploration and two geographical segments, Peru and Canada, during the years ended December 31, 2017 and 2016.

(p) Inventory

The cost of ore stockpiles is comprised of the cost to purchase such stockpiles along with the costs incurred to transport the stockpiles to the Company's plant. Production costs include the cost of materials, labour, production overheads and depreciation to the applicable stage of processing. Substantially all of the Company's inventory at December 31, 2017 and 2016 is comprised of ore stockpiles purchased by the Company to be processed.

Provisions are recorded to reduce the carrying amount of inventory to net realizable value to reflect changes in grades, quantity or other economic factors and to reflect current intentions for the use of redundant or slow-moving items. Provisions for redundant and slow-moving items are made by reference to specific items of inventory. The Company reverses write-downs where there is subsequent increase in net realizable value and where the inventory is still on hand.

Spare parts, stand-by and servicing equipment held are generally classified as inventories. Major capital spare parts and stand-by equipment (insurance spares) are classified as a component of property, plant and equipment.

All of the inventory at December 31, 2017 and 2016 was carried at cost. Inventory in the amount of $145,681 was recognized as an expense during the year ended December 31, 2017 (2016 - $Nil).

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

- Assets' carrying values and impairment charges
  In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

- Capitalization of exploration and evaluation costs
  Management has determined that capitalized exploration and evaluation costs have future economic benefits and are economically recoverable. In making this judgment, management has assessed various sources of information including but not limited to the geologic and metallurgic information, history of conversion of mineral deposits to proven and probable mineral reserves, scoping and feasibility studies, proximity of operating facilities, operating management expertise and existing permits. See Note 8 for details of capitalized exploration and evaluation costs.

- Mineral reserve estimates
  The figures for mineral reserves and mineral resources are determined in accordance with National Instrument 43-101, "Standards of Disclosure for Mineral Projects", issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management's assumptions including economic assumptions such as metal prices and market conditions could have a material effect in the future on the Company's financial position and results of operation.

- Impairment of exploration and evaluation assets
  While assessing whether any indications of impairment exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates may include but are not limited to estimates of the discounted future pre-tax cash flows expected to be derived from the Company's mining properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's exploration and evaluation assets.

- Estimation of decommissioning and restoration costs and the timing of expenditure
  Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine.

  Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

- Income, value added, withholding and other taxes
  The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transaction and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

- Share-based payments
  Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

- Contingencies
  See Notes 2 and 20.

6. MARKETABLE SECURITIES

As at December 31, 2017, the Company's marketable securities consist of 500,000 common shares (December 31, 2016 – Nil common shares) of Tartisan Resources Corp. ("Tartisan") (see Note 8). The fair value of the listed available for sale investment has been determined directly by reference to published price quotations in an active market.

During the year ended December 31, 2017, the Company sold 500,000 common shares of Tartisan for a gain of $1,114.

During 2016, the Company sold all of its marketable securities for proceeds of $22,005 and realized a loss of $149,306.

(Expressed in Canadian dollars)

7. PROPERTY, PLANT AND EQUIPMENT

Cost	Office furniture and equipment	Computer equipment	Field equipment	Plant	Total
	$	$	$	$	$
Balance at December 31, 2015	29,582	27,297	15,148	414,184	486,211
Additions	-	1,294	-	1,545,513	1,546,807
Balance at December 31, 2016	29,582	28,591	15,148	1,959,697	2,033,018
Additions	-	-	-	52,895	52,895
Plant commissioning revenue	-	-	-	(59,143)	(59,143)
Balance at December 31, 2017	29,582	28,591	15,148	1,953,449	2,026,770

Amortization and impairment	Office furniture and equipment	Computer equipment	Field equipment	Plant	Total
	$	$	$	$	$
Balance at December 31, 2015	29,582	27,297	8,558	-	65,437
Additions	-	324	308	-	632
Balance at December 31, 2016	29,582	27,621	8,866	-	66,069
Additions	-	324	308	-	632
Balance at December 31, 2017	29,582	27,945	9,174	-	66,701

Carrying amounts	Office furniture and equipment	Computer equipment	Field equipment	Plant	Total
	$	$	$	$	$
At December 31, 2016	-	970	6,282	1,959,697	1,966,949
At December 31, 2017	-	646	5,974	1,953,449	1,960,069

As at December 31, 2017 and 2016, the plant is not yet available for use. Therefore no amortization has been taken on this asset.

The net book value of the Company's property, plant and equipment at December 31, 2017 by geographic location is as follows: Canada - $Nil (2016 - $Nil), and Peru $1,960,069 (2016 - $1,966,949).

See Note 12.

8. EXPLORATION AND EVALUATION ASSETS

	December 31, 2015	Impairment reversal	December 31, 2016	Impairment reversal	Sale of Assets	December 31, 2017
	$	$	$	$	$	$
Peru						
Hatum Minas Properties	582,051	221,000	803,051	9,000	(230,000)	582,051
Total Exploration Properties	582,051	221,000	803,051	9,000	(230,000)	582,051

Hatum Minas Properties

As at December 31, 2017, the Hatum Minas Properties include the Panteria porphyry copper project (the "Panteria Project"). Title to the Hatum Minas Properties is held by the Company's wholly-owned Peruvian subsidiary, Hatum Minas.

(Expressed in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSETS (continued)

Hatum Minas Properties (continued)

On March 23, 2017, the Company sold the Don Pancho property to Tartisan for cash consideration of $50,000 and 500,000 shares of Tartisan valued at $60,000 as at the date received, based on the quoted market price of the shares. Duran will also receive an additional 500,000 shares of Tartisan as certain project milestones are achieved by Tartisan, and will retain a 2% net smelter royalty ("NSR") in the Don Pancho Project of which half (1%) can be purchased by Tartisan for US$500,000.

On April 12, 2017, the Company sold the Ichuña property to Tartisan for cash consideration of $50,000 and 500,000 shares of Tartisan valued $70,000 as at the date received, based on the quoted market price of the shares. Duran will also receive an additional 500,000 shares of Tartisan as certain project milestones are achieved by Tartisan, and will retain a 2% NSR in the Ichuña project of which half (1%) can be purchased by Tartisan for US$500,000.

As at December 31, 2017, the balance of the exploration and evaluation assets relates to the Panteria Project.

See Exploration and Evaluation Expenditures (Note 13).

9. PROMISSORY NOTES AND INTEREST PAYABLE

During the twelve months ended December 31, 2017, the Company issued promissory notes of $225,000, of which $125,000 was issued to certain officers and directors of the Company. A total of $45,000 in principal and $740 in interest was repaid to an officer and director of the Company in May 2017 as part of a shares for debt settlement (See Note 10(a)(iii)). The promissory notes are due on demand and bear interest at an annual rate of 18%. As at December 31, 2017, the Company had promissory notes payable outstanding of $180,000 (December 31, 2016 - Nil) and interest payable of $23,941 (December 31, 2016 – $ Nil), of which $80,000 of principal (2016 - Nil) and $13,979 of interest payable (2016 – Nil) was due to an officer and a director of the Company. (See Note 17).

10. CAPITAL STOCK AND WARRANT RESERVE

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 December 31, 2017 and 2016 and changes during the years then ended are presented below:

	Shares #	Amount $
Balance, December 31, 2015	33,521,409	49,830,521
Issued in private placement (iii)	12,326,921	1,109,423
Value assigned to warrants issued in private placement, net of costs (iii)	-	(504,459)
Share issue costs (iii)	-	(33,179)
Balance, December 31, 2016	45,848,330	50,402,306
Exercise of warrants (ii)	176,000	26,400
Allocation from warrant reserve	-	7,276
Issued for settlement of debt (iii)	1,067,367	96,063
Issued in private placement (iv)	11,330,000	434,144
Balance, December 31, 2017	58,421,697	50,966,189

(Expressed in Canadian dollars)

10. CAPITAL STOCK AND WARRANT RESERVE

a) Authorized, Issued and Outstanding shares

(i) During the year ended December 31, 2016, the Company completed a non-brokered private placement financing (the "2016 Offering"). In total the 2016 Offering consisted of 12,326,921 units for aggregate gross proceeds to the Company of $1,109,423. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share at an exercise price of $0.15 for a period of two years from the closing of each tranche of the 2016 Offering. The Company paid total finder's fees of $32,614 and issued 12,000 broker warrants (valued at $565) which entitles the holder to purchase 12,000 common shares at an exercise price of $0.09 until July 25, 2018.

(ii) During the year ended December 31, 2017, a total of 176,000 warrants were exercised at $0.15 per share for gross proceeds of $26,400.

(iii) On May 30, 2017, the Company issued 1,067,368 common shares on settlement of debt amounting to $96,063. A total of 63,888 of the foregoing common shares were issued to an officer of the Company for an aggregate settlement of $56,870.

(iv) During the year ended December 31, 2017, the Company completed a non-brokered private placement financing (the "2017 Offering"). In total the 2017 Offering consisted of 11,330,000 units for aggregate gross proceeds to the Company of $566,500. Each unit consisted of one common share and one half common share purchase warrant. Each whole warrant entitles the holder thereof to purchase one additional common share at an exercise price of $0.075 for a period of two years from the closing of each tranche of the 2017 Offering. In the event that the closing sale price of the common shares on the TSXVE is greater than $0.15 per share for a period of 20 consecutive trading days at any time after the date that is four months and one day after the closing of the 2017 Offering, the Company may accelerate the expiry date of the warrants by giving notice to the holders thereof and in such case the warrants will expire on the 30th day after the date on which such notice is given by the Company. (see Note 17).

b) Share Purchase Warrants

A summary of warrants outstanding as at December 31, 2017 and 2016 and changes during the years then ended are presented below:

	Warrants	Amount	Weighted average exercise price
	#	$	$
Balance, December 31, 2015	-	-	-
Issued in private placements (i)	12,326,921	512,542	0.15
Broker warrants (i)	12,000	565	0.09
Issue costs	-	(8,648)	-
Balance, December 31, 2016	12,338,921	504,459	0.15
Exercised	(176,000)	(7,276)	0.15
Issued in private placements (ii)	5,665,000	132,356	0.075
Balance, December 31, 2017	17,827,921	629,539	0.11

(i) As a result of the 2016 Offering the Company issued 12,326,921 common share purchase warrants (valued at $512,542) with an exercise price of $0.15. In addition, the Company issued 12,000 broker warrants (valued at $565) which entitle the holder to purchase 12,000 common shares at an exercise price of $0.09 until July 25, 2018. The fair value of the common share purchase warrants and the broker warrants issued in the private placement was estimated at the date of grant using the Black-Scholes pricing model with the following assumptions: expected dividend yield 0%, expected volatility 252% risk free interest rate of 0.99%, an expected life of two years, and a share price of $0.15.

(Expressed in Canadian dollars)

10. CAPITAL STOCK AND WARRANT RESERVE (continued)

b) Share Purchase Warrants (continued)

(ii) As a result of the 2017 Offering the Company issued 5,665,000 common share purchase warrants (valued at $132,356) with an exercise price of $0.075. The fair value of the common share purchase warrants issued in the 2017 Offering was estimated at the date of grant using the Black-Scholes pricing model with the following assumptions: expected dividend yield 0%, expected volatility 149%, risk free interest rate of 0.99%, expected life of two years, and a share price of $0.075.

Volatility is based on the historical trading activity of the Company's shares.

The following warrants are outstanding as at December 31, 2017:

Expiry date	Number of warrants outstanding #	Exercise price $	Weighted average remaining contractual life (years)
July 25, 2018	12,000	0.09	0.56
July 25, 2018	6,542,421	0.15	0.56
August 12, 2018	1,180,000	0.15	0.61
September 30, 2018	2,825,000	0.15	0.75
October 7, 2018	1,603,500	0.15	0.77
August 22, 2019	1,000,000	0.075	1.64
September 01, 2019	375,000	0.075	1.67
October 13, 2019	1,600,000	0.075	1.78
October 25, 2019	920,000	0.075	1.82
November 15, 2019	725,000	0.075	1.87
November 22, 2019	1,045,000	0.075	1.89
	17,827,921		1.00

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.

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 December 31, 2017 and 2016, and changes during the years ended on those dates are presented below:

(Expressed in Canadian dollars)

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

	Number of options #	Weighted average exercise price $
Balance, December 31, 2015	1,407,143	1.33
Expired	(778,573)	1.90
Balance, December 31, 2016	628,570	0.87
Issued	1,600,000	0.10
Expired	(578,570)	(0.89)
Balance, December 31, 2017	1,650,000	0.10

As at December 31, 2017, 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
February 19, 2013	50,000	50,000	0.70	February 18, 2018
April 27, 2017	1,000,000	1,000,000	0.10	April 22, 2022
June 28, 2017	100,000	100,000	0.10	June 28, 2022
October 30, 2017	500,000	500,000	0.05	October 30, 2019
	1,650,000	1,650,000		

The weighted average remaining contractual life of options issued and outstanding as at December 31, 2017 was 3.9 years (December 31, 2016 - 0.46 years).

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

	2017
Risk-free interest rate	1%
Expected life (years)	5.0
Expected volatility	199%
Expected rate of forfeiture	nil
Expected dividend yield	nil
Share price	$0.10

Volatility is based on the historical trading activity of the Company's shares.

12. INVESTMENT IN INSUMOS

On September 14, 2015, the Company and its wholly-owned subsidiary, Madosac, entered into an agreement with a private Peruvian company, Insumos, to establish a mineral processing plant in northern Peru. Under the terms of the agreement Duran was required to invest US$1.5 million and establish a line of credit of US$250,000 for the purpose of general working capital for the start-up. Insumos holds the concessions on which the plant is built.

(Expressed in Canadian dollars)

12. INVESTMENT IN INSUMOS (continued)

On November 7, 2016, the Company and Insumos finalized the transaction and 20% of the outstanding shares of Madosac were transferred to the majority shareholder of Insumos in exchange for 80% of the outstanding shares of Insumos. As the Company received 80% of the outstanding shares of Insumos, the Company consolidated Insumos commencing November 7, 2016. The transaction has been accounted for as an asset acquisition.

The assets acquired and liabilities of Insumos as at November 7, 2016 were recorded at their estimated fair market values as follows:

Purchase Price Consideration Paid		
Estimated fair value of Madosac shares issued	$	48,049
Net Assets Acquired		
Cash	$	4,415
Amounts receivable		2,382
Inventory		17,108
Mining concessions		127,535
Accounts payable and accruals		(91,379)
Non-controlling interest		(12,012)
	$	48,049

13. EXPLORATION AND EVALUATION EXPENDITURES

During the year ended December 31, 2017, the Company had net exploration and evaluation expenditures of $150,898 (December 31, 2016 – $625,994).

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 Mamaniña Exploraciones.

Panteria Project
The Company holds a 100% interest in the Panteria Project located in south central Peru. Title to the concessions comprising this project is held by Hatum Minas. On March 11, 2016, the Company entered into an option agreement (the “Agreement”) on its Panteria Project with Minera Antares Peru SAC – a wholly owned subsidiary of First Quantum Minerals Ltd. (collectively “FQM”).

Under the terms of the Agreement, commencing from the date that FQM has obtained all necessary permits to initiate exploration mining activities (received July 24, 2017) FQM can conduct due diligence studies for up to 18 months before proceeding to earn up to 80% of the project by delineation of a resource greater than 1 million tonnes of copper equivalent and making a series of staged payments over 5 years. If FQM proceeds to a decision to mine they have the option to buy the remaining 20% equity from Duran for US $0.02 per lb of copper equivalent based on 20% of delineated reserves. Duran will retain a 0.5% NSR. The Agreement outlines an exploration and development schedule divided into 3 stages:

Stage 1: Duran will assign all exploration rights to FQM and FQM will contract Duran’s community relations team in order to obtain community approval as a pre-requisite for the environmental permit (DIA). FQM will have the rights to carry out due diligence studies over a period of 18 months subsequent to receiving the aforementioned necessary permits to initiate exploration mining activities.

(Expressed in Canadian dollars)

13. EXPLORATION AND EVALUATION EXPENDITURES (continued)

Panteria Project (continued)

Stage 2: FQM may earn an 80% interest in the project by defining a mineral resource, and reporting the resource in compliance with National Instrument 43-101, in excess of 1 million tonnes of copper equivalent within 5 years and making a series of escalating payments with a maximum cumulative total of US $500,000 (First Option).

Stage 3: FQM will be granted a second option to purchase Duran's remaining 20% interest by carrying out additional technical/feasibility studies and declaring a "decision to mine". The purchase amount will be calculated by applying a value of US$0.02 per pound of copper equivalent to 20% of reserves. Duran will also be paid a NSR of 0.5% on all metal production from any subsequent mining operation (capped annually at US$15 million) except in the case where FQM elects not to exercise the Second Option and Duran contributes its proportion of project development and construction costs. Duran's 20% interest will be free-carried through to a decision to mine.

Minasnioc Project

The Minasnioc Gold Project concession ("Minasnioc") is located in the Department of Huancavelica, approximately 300 kilometres southeast of Lima. Title to Minasnioc is held by Querco.

In December 2015 the Company entered into an agreement with a private Peruvian mining company (the "Optionee") whereby the Optionee can earn a 100% interest in Minasnioc by paying Duran US$50,000 (received $69,200) and US$700,000 ($904,190) by December 2017, subject to the Optionee receiving approval from the local Minasnioc community. The Optionee terminated the option agreement in September 2017 and the property was returned to Duran in good standing.

Effective December 31, 2017 the Company entered into an option agreement (the "Minasnioc Agreement") on Minasnioc with IAMGOLD Peru S.A., a wholly owned subsidiary of IAMGOLD Corporation (collectively "IAMGOLD").

The Minasnioc Agreement between the companies is comprised of three options. On signing the Minasnioc Agreement IAMGOLD paid Duran US $50,000 (CAD $64,930) and will have until December 31, 2018 to secure the access rights agreement with the local community and enter into the First Option period. Should IAMGOLD be unable to secure community access rights it can extend the period until December 31, 2019 by giving notice to Duran and by paying the Company an additional US $50,000 prior to January 4, 2019.

Upon securing the community agreement, IAMGOLD has the right to enter into the First Option to earn a 60% interest in Minasnioc over a 4 year period. As a condition of the First Option IAMGOLD must carry out sufficient drilling to determine a resource estimate and issue a Preliminary Economic Assessment prepared in accordance with National Instrument 43-101 standards (the "PEA") demonstrating a minimum gold resource of 300,000 ounces. During the term of the First Option IAMGOLD will be also required to make payments to Duran totaling US $500,000 as follows:

On entering First Option:	US $ 75,000
First Anniversary of entering the First Option	US $100,000
Second Anniversary of entering the First Option	US $100,000
Third Anniversary of entering the First Option	US $100,000
Fourth Anniversary of entering the First Option	US $125,000

The Second Option will allow IAMGOLD to earn an additional 10% (total of 70%) in Minasnioc over 4 years by completing a prefeasibility study in accordance with NI 43-101 standards (the "PFS"). The PFS must have a Measured and Indicated Resource of at least 1 million ounces of gold. Should IAMGOLD fail to produce the PFS as specified above it will still maintain its 60% interest in the Property.

(Expressed in Canadian dollars)

13. EXPLORATION AND EVALUATION EXPENDITURES (continued)

Minasnioc Project (continued)
Within 10 days of IAMGOLD vesting in the Second Option, if Duran requests and IAMGOLD agrees, IAMGOLD will enter a Third Option in which it can increase its ownership in Minasnioc to 75% (the "Third Option") by arranging financing for Duran's 25% share of exploration, feasibility and mine development and construction costs. The financing will be done at Libor plus 8%.

Huachocolpa Properties
The Company holds a 100% interest in the Huachocolpa Properties, which consist of contiguous and non-contiguous mining concessions in the Department of Huancavelica, approximately 260 kilometres southeast of Lima. Title to the Huachocolpa Properties is held by Corongo.

Don Pancho Project
During the year ended December 31, 2017, the Company sold it's 100% interest in the Don Pancho silver lead zinc project. (See Note 8).

Ichuña Project
During the year ended December 31, 2017, the Company sold its 100% interest in the Ichuña copper/silver project. (See Note 8).

14. LOSS PER SHARE

a) Basic
Basic loss per share is calculated by dividing the net loss by the weighted average number of common shares in issue during the year.

	Year Ended December 31	
	2017	2016
Net loss for the year	$ 1,623,085	$ 2,423,716
Weighted average number of common shares outstanding	48,999,985	37,995,598
Loss per share	$ 0.03	$ 0.06

b) Diluted
Diluted loss per common share is equal to the basic loss per common share for the years ended December 31, 2017 and 2016 as all of the stock options and warrants outstanding are anti-dilutive.

(Expressed in Canadian dollars)

15. PLANT START-UP EXPENSES

	Year Ended December 31 2017 $	2016 $
Salaries and management fees	597,064	616,604
Office and general	252,159	101,981
Geological and laboratory	44,532	61,948
Professional fees	4,055	40,707
Rent and utilities	29,355	28,744
Vehicles and equipment rentals	60,553	27,306
	987,718	877,290

16. GENERAL AND ADMINISTRATIVE

	Year Ended December 31 2017 $	2016 $
Management and consulting fees	159,942	342,500
Accounting and administration	141,648	82,879
Shareholder relations and filing fees	89,993	131,722
Share based payments	86,000	-
Professional fees	61,086	128,307
Travel	30,425	64,550
Insurance	20,589	31,688
Rent	20,400	29,814
Telephone and communication	5,715	7,340
Amortization	632	632
	616,430	819,432

17. 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. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including the directors of the Company. The remuneration of key management personnel of the Company for the years ended December 31, 2017 and 2016 were as follows.

	2017 $	2016 $
Aggregate compensation	323,839	630,131

As at December 31, 2017, a balance of $414,907 (2016 - $169,394) was due to certain officers and directors of the Company. Of this amount $93,979 (2016 - $Nil) relates to outstanding promissory notes and interest; $247,522 (2016 - $139,394) relates to unpaid compensation; $60,000 (2016 - $30,000) relates to non-interest bearing advances, and $13,406 (2016 - $Nil) relates to reimbursable expenses incurred in the normal course of business.

17. RELATED PARTY TRANSACTIONS (continued)

Certain directors and officers of the Company subscribed for 7,490,000 units in connection with the 2017 Offering as disclosed in Note 10 (a)(iv). See also Note 10(a)(iii).

No stock options were granted to related parties under the Company's stock option plan during the years ended December 31, 2017 and 2016.

See also Note 9.

18. FINANCIAL RISK FACTORS

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 significant changes in the risks, objectives, policies and procedures from the previous period.

a) Credit risk management

Credit risk relating to cash and amounts receivable arises from the possibility that any counterparty to an instrument fails to perform. The Company does not feel there is significant counterparty risk that could have an impact on the fair value of cash and receivables.

b) Liquidity risk

The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its capital, development and exploration expenditures. The Company ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Cash includes cash on hand and balances with banks. The deposits are held in a Canadian chartered bank or a financial institution controlled by a Canadian chartered bank.

As of December 31, 2017, the Company had a cash balance of $85,538 (2016 - $43,003) to settle current accounts payable and accrued liabilities of $1,306,646 (2016 - $593,958). The Company's other current assets consist of marketable securities of $70,000 (2016 - $Nil), amounts receivable of $67,944 (2016 - $84,100), prepaid expenses and advances of $11,696 (2016 - $57,503) and inventory of $45,040 (2015 - $145,681). See Note 22.

c) Market risk

At the present time, the Company does not hold any interest in a mining property that is in production. The Company's viability and potential success depends on its ability to develop, exploit, and generate revenue from the development of mineral deposits. Revenue, cash flow, and profits from any future mining operations in which the Company is involved will be influenced by precious and/or base metal prices and by the relationship of such prices to production costs. Such prices can fluctuate widely and are affected by numerous factors beyond the Company's control.

The Company is exposed to the price risk associated with the change in the market value of its marketable securities. The Company closely monitors equity prices to determine the appropriate course of action to take. A 1% change in the quoted market price of the marketable securities would result in a $700 change to the Company's net loss for the year ended December 31, 2017.

18. FINANCIAL RISK FACTORS (continued)

d) Foreign exchange risk

The Company's financings are in Canadian dollars. Certain of the Company's transactions with its subsidiaries are incurred in foreign currencies and are therefore subject to gains or losses due to fluctuations in exchange rates.

As at December 31, 2017, the Company had cash balances of $62,725 (US$52,867) (2016 - $969 (US$788)) in U.S. dollars, and $11,502 (S/. 29,706) (2016 - $13,430 (S/. 33,567) in Peruvian New Sol ("PNS"); and accounts payable of $509,376(S/.1,315,537) (2016 – $100,454 (S/.251,072)) in PNS.

Sensitivity to a plus or minus 5% change in the foreign exchange rate would have affected the net loss by approximately $3,239 for the year ended December 31, 2017 based on the net foreign currency monetary assets as at December 31, 2017.

The objective of the Company's foreign exchange risk management activities is to minimize transaction exposure associated with the Company's foreign currency-denominated cash balances.

The Company utilizes foreign exchange forward contracts to manage foreign exchange risks from time to time, at the determination of management.

e) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The majority of the Company's cash balances earn interest at fixed rates over the next three to twelve months. It is management's opinion that the Company is not exposed to significant interest rate risk. The Company has no interest bearing debt.

A sensitivity analysis has determined that an interest rate fluctuation of 1% would not have resulted in significant fluctuation in the interest expense during the year ended December 31, 2017.

f) Fair value of financial assets and liabilities

The book values of the cash, amounts receivable, accounts payable and accrued liabilities, promissory notes and due to related parties approximate their respective fair values due to the short-term nature of these instruments.

The fair values together with the carrying amounts shown in the statement of financial position are as follows:

	Carrying amount	Fair Value	Carrying amount	Fair Value
	As at December 31, 2017		As at December 31, 2016	
	$	$	$	$
Cash	85,538	85,538	43,003	43,003
Marketable securties	70,000	70,000	-	-
Amounts receivable	67,944	67,944	84,100	84,100
Accounts payable and accrued liabilities	(781,777)	(781,777)	(424,564)	(424,564)
Due to related parties	(320,928)	(320,928)	(169,394)	(169,394)
Promissory notes and interest payable	(203,941)	(203,941)	-	-

19. CAPITAL RISK MANAGEMENT

The Company defines capital as shareholders' equity which at December 31, 2017 was $1,515,692 (2016 - $2,506,329). The Company manages its capital structure and makes adjustments to it, in order to have the funds available to support its exploration, development and operation activities.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its mineral properties and maximize shareholder returns. The Company satisfies its capital requirements through careful management of its cash resources and by utilizing bank indebtedness or equity issues, as necessary, based on the prevalent economic conditions of both the industry and the capital markets and the underlying risk characteristics of the related assets. As at December 31, 2017 and 2016, the Company had no bank debt.

Management reviews its capital management approach on an ongoing basis. There were no significant changes in the Company's approach to capital management during the years ended December 31, 2017 and 2016. The Company and its subsidiaries are not subject to externally imposed capital requirements other than Policy 2.5 of the TSXVE, which requires adequate working capital or financial resources to maintain operations and cover general and administrative expenses for a period of 6 months.

As of December 31, 2017, the Company may not be compliant with the policies of the TSXVE. The impact of this violation is not known and is ultimately dependent on the direction of the TSXVE.

20. COMMITMENTS AND CONTINGENCIES

Lease agreements
Effective December 15, 2017, the Company amended its agreement to sublease office space, extending the expiration date to April 30, 2019. The annual lease payment, before sublease income, is $32,400.

The Company's subsidiary, Madosac, has annual office rental obligations of US$20,400 ($28,234).

Management contracts
Effective July 1, 2017, the Company amended the existing management consulting contracts to eliminate certain contingent events such as a change of control payments. As consideration for these amendments the Company agreed to pay management one-time contract settlement fees totaling $300,000, provided that management remains with the Company until January 1, 2018. Payment of the contract settlement fees will only occur after payment of certain existing and ongoing liabilities of the Company outstanding as of July 1, 2017. In addition, management agreed to reduce their total minimum annual payments to $240,000. (See Note 22).

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.

Legal proceeding
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 December 31, 2017 and 2016, no amounts have been accrued related to such matters.

(Expressed in Canadian dollars)

21. INCOME TAXES

a) Provision for Income Taxes

Major items causing the Company's income tax rate to differ from the Canadian statutory rate of approximately 26.5% (2016 – 26.5%) were as follows:

	2017 $	2016 $
(Loss) before income taxes	(1,770,600)	(2,453,297)
Expected income tax recovery based on statutory rate	(467,000)	(650,000)
Adjustments to expected income tax benefit:		
Share-based payments	23,000	-
Expiry and use of non-capital losses	-	5,000
Expenses not deductible for tax purposes	75,000	112,000
Other	7,000	8,000
Effect of tax rates in foreign jurisdictions	(27,000)	(39,000)
Foreign exchange	114,000	12,000
Tax benefits not recognized	275,000	552,000
Income tax (recovery)	-	-
Deferred taxes recognized directly in equity	-	-
Total taxation	-	-

b) Deferred Income Tax Balances

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

Recognized deferred tax assets and liabilities

	2017 $	2016 $
Non-capital losses	2,650	-
Investment in marketable securities	(2,650)	-
Total	-	-

Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following temporary differences:

	2017 $	2016 $
Non-capital loss carry-forwards – Canada	15,830,000	15,107,000
Non-capital loss carry-forwards – Peru	10,022,000	9,067,000
Capital losses	-	149,000
Share issue costs	20,000	29,000
Exploration and evaluation assets – Canada	5,006,000	8,322,000
Exploration and evaluation assets – Peru	4,000	723,000
Marketable securities - Canada	-	-
Other - Canada	131,000	131,000
Other - Peru	31,000	-
	31,044,000	33,528,000

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

(Expressed in Canadian dollars)

21. INCOME TAXES (continued)

c) Tax Loss Carry-Forwards

As at December 31, 2017, the Company had resource pools of approximately $5,006,000 in Canada and S/. 10,000 ($4,000) in Peru, which under certain circumstances, may be utilized to reduce taxable income of future years. The Company has approximately $15,840,000 of non-capital losses in Canada and approximately S./ 25,884,000 ($10,022,000) of non-capital losses in Peru, which can be used to reduce taxable income in future years. If not utilized, the non-capital losses in Canada and Peru will expire as follows:

Year of Expiry	Canada Amount $	Peru Amount S./	Peru Amount $
2018	-	1,180,000	457,000
2019	-	1,214,000	470,000
2020	-	1,142,000	442,000
2021	-	3,474,000	1,345,000
2026	147,000	-	-
2027	2,077,000	-	-
2028	463,000	-	-
2029	4,433,000	-	-
2030	1,008,000	-	-
2031	740,000	-	-
2032	1,593,000	-	-
2033	812,000	-	-
2034	1,604,000	-	-
2035	919,000	-	-
2036	1,149,000	-	-
2037	895,000		
Indefinite	-	18,874,000	7,308,000
	15,840,000	25,884,000	10,022,000

22. SUBSEQUENT EVENTS

Subsequent to December 31, 2017, a total of 4,047,000 common share purchase warrants were exercised for gross proceeds to the Company of $306,750.

Subsequent to December 31, 2017, a total of $77,625 in promissory notes and interest was repaid to holders of the notes.

On February 19, 2018, a total of 50,000 share options expired without exercise.

Effective April 1, 2018, the Company increased the total minimum annual payments under existing management consulting contracts by $60,000 to $300,000.

Subsequent to December 31, 2017, Company management waived their entitlement to one time contract settlement fees of $300,000. (See Note 20)

Subsequent to December 31, 2017, the Company acquired all of the outstanding shares of Magellan Gold Peru S.A.C., an inactive company incorporated in Peru from an arm's length party, for consideration of $1.