DURAN VENTURES INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTH PERIODS ENDED

JUNE 30, 2016

(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.

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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(Unaudited)

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INDEX	**PAGE**

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

	June 30, 2016 $	December 31, 2015 $
ASSETS		
CURRENT		
Cash	**197,629**	2,497,888
Marketable securities (Note 6)	**14,122**	34,311
Prepaid expenses and advances	**30,311**	58,681
Amounts receivable	**283,627**	63,389
Inventory (Note 7)	**101,913**	-
TOTAL CURRENT ASSETS	**627,602**	2,654,269
PROPERTY, PLANT AND EQUIPMENT (Note 8)	**1,248,638**	420,774
PREPAID EXPENSES	**-**	250,921
EXPLORATION AND EVALUATION ASSETS (Notes 9 and 12)	**582,051**	582,051
TOTAL ASSETS	**2,458,291**	3,908,015
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	**384,764**	221,583
TOTAL LIABILITIES	**384,764**	221,583
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (Note 10)	**49,830,521**	49,830,521
SHARE-BASED PAYMENT RESERVE (Note 11)	**318,816**	1,390,079
ACCUMULATED OTHER COMPREHENSIVE LOSS	**(157,189)**	(137,000)
DEFICIT	**(47,918,621)**	(47,397,168)
TOTAL SHAREHOLDERS' EQUITY	**2,073,527**	3,686,432
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**2,458,291**	3,908,015

ONGOING OPERATIONS (Note 2)

COMMITMENTS AND CONTINGENCIES (Note 16)

APPROVED ON BEHALF OF THE BOARD:

Signed "Joseph Del Campo" , Director

Signed "Jeffrey Reeder" , Director

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	Three-Months Ended June 30 $		Six-Months Ended June 30 $	
	2016	2015	**2016**	2015
EXPENSES				
Plant start-up expenses (Note 14)	**177,745**	-	**442,682**	-
Exploration and evaluation expenditures (Note 12)	**124,523**	428,990	**267,751**	694,301
General and administration (Note 15)	**266,148**	194,368	**472,491**	355,487
Loss before the following:	**568,416**	623,358	**1,182,924**	1,049,788
Foreign exchange loss	**267,882**	64,842	**409,793**	159,635
Interest income	**-**	(10,492)	**-**	(22,444)
Realized gain on derivative instruments (Note 7)	**-**	(251,550)	**-**	(308,600)
Change in unrealized gain on derivative instruments	**-**	307,600	**-**	62,200
NET LOSS FOR THE PERIOD	**836,298**	733,758	**1,592,717**	940,579
Other comprehensive loss	**5,189**	-	**20,189**	-
COMPREHENSIVE LOSS FOR THE PERIOD	**841,487**	733,758	**1,612,906**	940,579
Loss (Income) per share – basic and diluted	**0.025**	0.022	**0.048**	0.028
Weighted average number of common shares outstanding	**33,521,410**	33,449,981	**33,521,410**	33,449,981

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF ACCUMULATED OTHER COMPREHENSIVE LOSS ("AOCI")
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	Three-Months Ended June 30 $		Six-Months Ended June 30 $	
	2016	2015	**2016**	2015
Accumulated other comprehensive loss at beginning of period	**(152,000)**	(157,000)	**(137,000)**	(162,000)
Unrealized loss on marketable securities	**(5,189)**	-	**(20,189)**	-
Accumulated other comprehensive loss at end of period	**(157,189)**	(157,000)	**(157,189)**	(162,000)

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, 2016 AND 2015 AND THE YEAR ENDED DECEMBER 31, 2015

(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, 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
Value of warrants and options expired	-	(53,828)	(139,766)	-	193,594	-
Share issued for debt	25,000	-	-	-	-	25,000
Unrealized loss on marketable securities	-	-	-	25,000	-	25,000
Tax effect of warrants expired	-	-	-	-	(18,600)	(18,600)
Net loss	-	-	-	-	(1,728,092)	(1,728,092)
Balance, December 31, 2015	49,830,521	-	1,390,079	(137,000)	(47,397,168)	3,686,432
Value of options expired	-	-	(1,071,263)	-	1,071,263	-
Unrealized loss on marketable securities	-	-	-	(20,189)	-	(20,189)
Net loss	-	-	-	-	(1,592,716)	(1,592,716)
Balance, June 30, 2016	49,830,521	-	318,816	(157,189)	(47,918,621)	2,073,527

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

	Three-Months Ended June 30 $		Six-Months Ended June 30 $	
	2016	2015	**2016**	2015
CASH FLOWS PROVIDED BY (USED IN):				
OPERATING ACTIVITIES				
Net loss for the period	**(826,297)**	(733,758)	**(1,592,716)**	(940,579)
Add items not requiring cash:				
Amortization	**158**	1,524	**316**	3,048
Change in non-cash operating working capital:				
Decrease in prepaids and advances	**29,733**	15,139	**279,292**	17,603
(Increase) decrease in amounts receivable	**(95,901)**	43,720	**(220,238)**	46,393
Increase in inventory	**(45,194)**	-	**(101,913)**	-
Decrease in derivative instrument	**-**	307,600	**-**	62,200
Increase (decrease) in accounts payable and accrued liabilities	**15,059**	(25,167)	**163,181**	(87,310)
	(932,442)	(390,942)	**(1,472,078)**	(898,645)
INVESTING ACTIVITIES				
Purchase of plant equipment	**(104,054)**	-	**(828,181)**	-
	(104,054)	-	**(828,181)**	-
Increase (decrease) in cash	**(1,036,496)**	(390,942)	**(2,300,259)**	(898,645)
Cash, beginning of period	**1,234,125**	4,442,661	**2,497,888**	4,950,363
Cash, end of period	**197,629**	4,051,719	**197,629**	4,051,718

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 ("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 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. 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 period ended June 30, 2016 and a cumulative deficit as at June 30, 2016. 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 continues 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.

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 ("Madosac"), Corongo Exploraciones SAC ("Corongo"), Empresa Querco SAC ("Querco"), Mamaniña Exploraciones SAC ("Mamaniña) and Hatum Minas SAC ("Hatum Minas"), 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 unaudited condensed consolidated financial statements include all the assets,

3. BASIS OF CONSOLIDATION (continued)

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) 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 2015 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, 2015.

The policies applied in these unaudited condensed consolidated interim financial statements are based on the IFRS issued and effective as of June 30, 2016. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2016 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 29, 2016.

(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 and derivative instruments, which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

(c) New accounting policy

- Inventories

  Concentrate and in process inventories at the plant are valued at the lower of average production cost and net realizable value. The mineral bearing raw materials are valued at the lower of the weighted average purchase cost and net realizable value. Supplies are valued at the lower of average cost and replacement cost. Net realizable value is the estimated selling price less applicable selling expenses. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions or related production overheads, based on normal capacity.

(d) Standards, Amendments and Interpretations Not Yet Effective

Certain pronouncements were issued by the IASB or the IRFS Interpretations Committee that are not mandatory for accounting periods beginning on or after January 1, 2016 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:

(Expressed in Canadian dollars)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- 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.

- IFRS 16 Leases

  IFRS 16 Leases was released in January 2016 and replaces IAS 17, Leases. This standard will bring most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and financing leases. Lessor accounting remains largely unchanged and the distinction between operating and finance leases is retained. Adoption of IFRS16 is mandatory and will be effective for annual periods beginning on or after January 1, 2019 with earlier adoption permitted. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

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

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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, 2015.

6. MARKETABLE SECURITIES

The Company's marketable securities consist of 100,000 common shares (December 31, 2015 – 100,000 common shares) of Quikflo Health Inc. (formerly Viper Gold Ltd.) and 215,560 common shares (December 31, 2015 – 215,560 common shares) of Rio Silver Inc. ("Rio Silver"). The Company acquired the Rio Silver shares as consideration for settlement of an accounts receivable balance of $10,778. The fair value of the listed available-for-sale investment has been determined directly by reference to published price quotations in an active market.

7. INVENTORY

	June 30, 2016	December 31, 2015
	$	$
Mineral-bearing raw materials	**97,693**	-
Materials and supplies	**4,220**	-
	101,913	-

(Expressed in Canadian dollars)

8. 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	-	826,886	828,180
Balance at June 30, 2016	29,582	28,591	15,148	1,241,070	1,314,391

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	-	162	154	-	316
Balance at June 30, 2016	29,582	27,459	8,712	-	65,753

Carrying amounts	Office furniture and equipment	Computer equipment	Field equipment	Plant	Total
	$	$	$	$	$
At December 31, 2015	-	-	6,590	414,184	420,774
At June 30, 2016	-	1,132	6,436	1,241,070	1,248,638

As at June 30, 2016, the plant is not yet available for use. Therefore no amortization has been taken on this asset.

On September 14, 2015 the Company and its wholly-owned subsidiary Madosac entered into an agreement with a private Peruvian company to establish a mineral processing plant in northern Peru. Under the terms of the agreement Duran will 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. The private Peruvian company holds the concessions on which the plant is being built and will hold a 20% interest in Madosac once all permitting has been granted and the concessions have been transferred to Madosac. The Company has the necessary permits in place to construct the mineral processing plant but the concessions have not yet been transferred to Madosac. Therefore, as at June 30, 2016, the 20% interest in Madosac has not been transferred to the private Peruvian company. The Company has $Nil (December 31, 2015 - $250,921) in deposits relating to equipment purchased for the plant.

9. EXPLORATION AND EVALUATION ASSETS

	December 31, 2014	Write-down	December 31, 2015	Additions (Recoveries)	June 30, 2016
	$	$	$	$	$
Peru					
Hatum Minas Properties	1,470,906	(888,855)	582,051	-	582,051
Total Exploration Properties	1,470,906	(888,855)	582,051	-	582,051

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.

(Expressed in Canadian dollars)

9. EXPLORATION AND EVALUATION ASSETS (continued)

Hatum Minas Properties (continued)
The Hatum Minas Properties include the Ichuña copper-silver project, the Panteria porphyry copper project, and the 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. The Company has been unable to source a joint venture partner for the Ichuna and Don Pancho projects. For financial reporting purposes, due to the absence of sufficient verifiable information to support the existing carrying value of certain of the Hatum Minas Properties, the Company recorded a write-down of exploration and evaluation assets of $888,855 during the year ended December 31, 2015.

See Exploration and Evaluation Expenditures (Note 12).

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, 2016 and December 31, 2015 and changes during the periods then ended are presented below:

	Shares #	*Amount* $
Balance, December 31, 2014	33,449,981	49,805,521
Issued for service (i)	71,428	25,000
Balance, December 31, 2015 and June 30, 2016	33,521,409	49,830,521

(i) In December 2015 the Company received TSX Venture approval to settle an aggregate of $25,000 indebtedness owed to Alpha Resources Advisors S.A.C. ("Alpha") through the issuance of 71,428 common shares at a deemed price of $0.05 per common share. The common shares issued in connection with this shares for debt transaction are subject to a hold period of four months and one day from the date of issuance.

(ii) On April 8, 2016, the Company's shareholder approved to consolidate the outstanding common shares at a ratio of seven (7) pre-consolidation shares to one (1) post-consolidation share (the "Conversion Ratio"). The Consolidation came into effect on May 9, 2016. As at June 30, 2016, 2015 and 2014 the common shares, stock options and warrants of the Company have been restated on a proportional basis to reflect the Consolidation.

b) Share Purchase Warrants

A summary of warrants outstanding as at June 30, 2016 and December 31, 2015 and changes during the periods then ended are presented below:

	Warrants #	Amount $	Weighted average exercise price $
Balance, December 31, 2014	1,221,666	140,664	0.21
Expired	(1,221,666)	(140,664)	0.21
Balance, December 31, 2015 and June 30, 2016	-	-	

(Expressed in Canadian dollars)

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 TSXVE, 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 June 30, 2016 and December 31, 2015, and changes during the periods ended on those dates are presented below:

	Number of options #	Weighted average exercise price $
Balance, December 31, 2014	2,000,000	1.33
Expired	(592,857)	1.05
Balance, December 31, 2015	1,407,143	
Expired	(778,571)	1.90
Balance, June 30, 2016	628,572	0.87

As at June 30, 2016, 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
January 11, 2012	85,714	85,714	1.68	January 10, 2017
April 18, 2012	71,428	71,428	1.05	April 18, 2017
June 28, 2012	392,857	392,857	0.70	June 28, 2017
August 20, 2012	28,571	28,571	0.70	August 20, 2017
February 19, 2013	50,000	50,000	0.70	February 18, 2018
	628,570	628,570		

The weighted average remaining contractual life of options issued and outstanding as at June 30, 2016 was 0.97 years. (December 31, 2015 was 1.8 years).

12. EXPLORATION AND EVALUATION EXPENDITURES

Total exploration and evaluation expenditures are as follows:

	Total $
Balance, December 31, 2014	14,237,866
Additions	1,848,905
Recovery	(69,200)
Balance, December 31, 2015	16,017,571
Additions	267,751
Balance, June 30, 2016	16,285,322

12. EXPLORATION AND EVALUATION EXPENDITURES (continued)

During the six months ended June 30, 2016, the Company incurred exploration and evaluation expenditures of $267,751 (June 30, 2015 - had a net recovery of exploration and evaluation expenditures of $694,301). During the year ended December 31, 2015, the Company had net exploration and evaluation expenditures of $1,779,705.

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.

Panteria Project
The Company holds a 100% interest in the Panteria phorphyry copper project located in south central Peru. Title to the concessions comprising this project is held by Hatum Minas.

On March 14, 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, 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 proceed 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% Net Smelter Royalty ("NSR").

The Agreement outlines an exploration and development schedule divided into 3 states:

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 community approval.

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.

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.

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.

(Expressed in Canadian dollars)

12. EXPLORATION AND EVALUATION EXPENDITURES (Continued)

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 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 the Minasnioc Project 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. Community approval was received in August 2016. The Company will also be entitled to a 1.0% NSR on all concessions except for certain concessions acquired from Barrick Gold Corp. in April 2012.

Huachocolpa Properties

The Company holds a 100% interest in the Huachocolpa Properties, which consist of 82 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.

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	2015	**2016**	2015
Comprehensive loss for the period	**841,487**	733,758	**1,612,906**	940,579
Weighted average number of common shares outstanding	**33,521,410**	33,449,981	**33,521,410**	33,449,981
Loss per share	**0.025**	0.022	**0.048**	0.028

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.

14. PLANT START-UP EXPENSES

	Six months ended June 30,	
	2016	2015
	$	$
Salaries and management fees	**298,372**	-
Geological and laboratory	**58,698**	-
Office and general	**20,408**	
Consultants	**29,950**	-
Rent and utilities	**18,444**	-
Professional fees	**16,810**	-
	442,682	-

(Expressed in Canadian dollars)

15. GENERAL AND ADMINISTRATIVE

	Three-Months Ended June 30 $		Six-Months Ended June 30 $	
	2016	2015	**2016**	2015
Management and consulting fees	**145,625**	75,625	**221,250**	151,250
Director fees	**10,000**	10,000	**17,000**	17,000
Professional fees	**36,447**	24,693	**68,140**	35,849
Accounting and administration	**16,204**	15,933	**32,615**	34,196
Shareholder relations and filing fees	**20.812**	25,427	**57,004**	39,984
Office and general	**3,907**	5,681	**11,694**	11,720
Insurance	**9,008**	7,747	**18,137**	16,276
Telephone and communication	**1,333**	1,983	**2,354**	4,924
Travel and promotion	**9,160**	20,223	**17,666**	29,416
Rent	**13,494**	5,532	**26,315**	11,824
Amortization	**158**	1,524	**316**	3,048
	266,148	194,368	**472,491**	355,487

16. 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 directors of the Company for the six months ended June 30, 2016 and 2015 was as follows:

	2016 $	2015 $
Aggregate cash compensation	**354,246**	271,584
Director's fees	**17,000**	17,000
	371,246	288,584

As at June 30, 2016 a balance of $120,839 (December 31, 2015 $76,018) was due to certain officers and directors for unpaid remuneration and Director's fees.

17. DERIVATIVE INSTRUMENTS

Foreign exchange forward contracts
As at, and for the six months ended June 30, 2016, the Company did not enter into and had no forward exchange contracts outstanding (December 31, 2015 - $Nil).

The Company does not apply hedge accounting to account for its foreign exchange forward contracts.

The Company settled the following forward exchange contracts during the six months ended June 30, 2015:

Foreign exchange forward contracts	Buy Amount	Sell Currency	Sell Amount	Maturity Date
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

17. DERIVATIVE INSTRUMENTS (continued)

Foreign exchange forward contracts (continued)

On March 31, 2015 the Company settled US$500,000 for a realized net gain of $57,050. On May 26, 2016 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.

18. COMMITMENTS AND CONTINGENCIES

Lease agreement

Effective August 1, 2016 the Company entered into an agreement to sublease office space expiring on January 30, 2018. The annual lease payment, before sublease income, is $32,400.

Effective December 1, 2013 the Company entered into an agreement to sub-lease additional office space expiring on July 30, 2016. As at June 30, 2016 the remaining lease payment, before sublease income is approximately $4,000.

The Company's subsidiary, Madosac, has annual office rental obligations of US$20,400 (Cdn$27,126).

Management contracts

Effective January 1, 2015, the Company entered into certain management and consulting contracts. Minimum annual payments are approximately $355,000. These contracts also require that additional payments of up to $1,086,200 be made upon the occurrence of certain events such as a change of control.

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.

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 June 30, 2016 and December 2015, no amounts have been accrued related to such matters.

Advisory services contract

The Company engaged a consultant to provide financial and strategic corporate advisory services for a period of twelve months, commencing December 2015. As at June 30, 2016 there were remaining monthly payments obligations of US$15,000 ($33,216).

19. SUBSEQUENT EVENTS

During July and August 2016 the Company completed the first two tranches of a $1,170,000 non-brokered private placement financing consisting of up to 13,000,000 units (the "Units") subject to final TSXVE approval. Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at an exercise price of $0.15 for a period of two years.

19. SUBSEQUENT EVENTS (continued)

The first two tranches of the offering consisted of a total of 7,898,421 units for aggregate gross proceeds to the Company of $710,858.