LOM EQUITY RESEARCH

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Duran Ventures Inc.

(TSX-V: DRV)

Rating: Buy
Target: $1.50

Key Data (in C$)	
Industry:	Mining
Price:	$1.04
52 Week Range:	$3.33-$0.55
Market Cap:	$28.8 mil.
Shares Outs.:	27.49 mil.
Book Val./Share:	$0.23
Price/Book:	4.5x
EV/Book value:	9.2x
Net Gearing:	0.0%
2007 EPS:	($0.034)
2008 EPS est.:	($0.047)

Company Description: Duran Ventures Inc. (DRV) is a Canada based mineral exploration company. The company, directly and through joint ventures, is engaged in the exploration and development of mineral properties in North and South America. DRV has exposure to significant advancing copper molybdenum (Cu-Mo) projects, silver, and uranium assets. In Peru, the joint venture with MacMillan Gold Corp. has continued the exploration activities at the Aguila Cu-Mo project and the Pasacancha silver – gold – lead – zinc project. Beyond Peru, DRV has interests in the Athabasca Basin in northern Saskatchewan; Nye County, Nevada; and British Columbia.

Initiating Coverage on Duran Ventures Inc. with a Buy Rating and $1.50 Target Price

Investment Summary: Duran Ventures Inc. (DRV) is an emerging copper, molybdenum, and silver explorer with assets primarily in Peru and Canada. We are initiating coverage of DRV with a Buy rating and a 12 month target price of $1.50. Duran's flagship asset is its 50%-owned advanced exploration stage copper-molybdenum project in Peru.

Mining Exploration Assets: DRV's principal operations are the acquisition, exploration, and development of mineral properties. The geographic breakdown of Duran's total assets is as follows:

Peru: During 2003, the company entered into an agreement with MacMillan Gold Corp. (TSX-V: MMG, "MacMillan") to option a 50% interest in MacMillan's Minera Aguila de Oro SAC (Aguila) project located in north-central Peru. In April of 2008, Duran announced that it had reached an agreement with MacMillan to acquire the remaining 50% interest of Minera Aguila de Oro SAC through a stock merger. The combination is expected to close by August, 2008, and will give Duran full control over the properties. The Aguila project includes the 100 hectare El Halcon concession and the 1,000 hectare Pasacancha 1 concession, with seventeen additional claims staked during the period that total an additional 9,800 hectares. A Class "B" drilling Permit has been prepared and accepted by the Peruvian Ministry of Mining which allows DRV to undertake six drill holes on the Pasacancha target and nine additional drill holes on the Aguila and Aguila East Targets. A Class "C" drilling permit was submitted in December 2007, which will allow DRV to undertake an additional 80 hole program aimed at developing a National Instrument 43-101 compliant resource estimation for the Aguila and Pasacancha targets. The company has received approval permits to increase electrical capacity, a vital component of the project and ongoing activities. The company has also negotiated and signed a three-year land use agreement with the local communities. At the end of 1Q08, the book value of Duran's exploration properties in Peru was approximately $2,346,880.

Aguila Project: The Aguila project is located in the eastern part of the western cordilleran of north-central Peru. A total of 298 systematic rock chip samples with true widths ranging from 1.0 to 3.0 meters were collected. The underground sampling of the Aguila Main tunnels, 80 meters beneath the bottom of the historical open pit, confirmed the presence of significant continuous Cu-Mo mineralized diorite in two perpendicular

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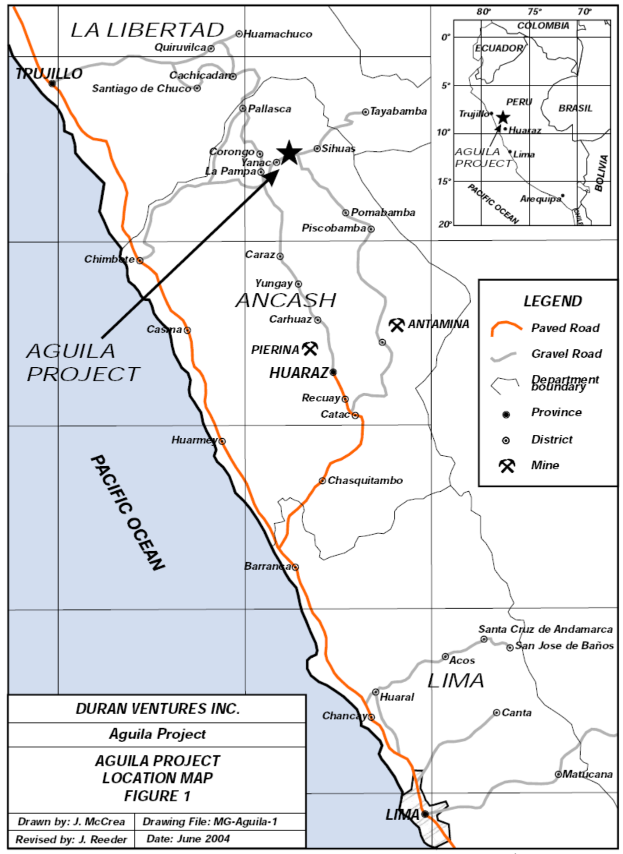
horizontal directions. Phase 1 diamond drilling at the Aguila and Aguila East Targets consisted of five holes for a cumulative depth of 2,062 meters. All five holes were drilled in one plane of section crossing the target trend in an east-to-northeast direction. Three holes were drilled trending southwest to test the Aguila Main target and the West Contact target. Two additional holes were drilled trending northeast to test the Aguila East Target and the transition zone between the Aguila Main and the Aguila East Targets. Three of the five holes were terminated in mineralized material short of their intended depths due to drilling equipment limitations. Samples from Hole 7B were assayed and reported 0.594% Cu and 0.045% Mo for 1.041% copper equivalence over the entire 90 meter length of the hole. Samples from Hole 8 were assayed and reported 0.626% Cu and 0.049% Mo for 1.119% copper equivalence over the entire 522.3 meter length of the hole, which includes 0.853% Cu and 0.046% Mo for 1.316% copper equivalence over the first 342.4 meters of the hole which were in the diorite porphyry target. Hole 8 is Duran's best grade to date and over $100 per tonne in-situ rock is expected. The results from these targets are positive and indicate the potential to develop multiple projects on the property.



Pasacancha Project: The historical Pasacancha Mine lies within the company's 1,000-hectare Pasacancha Claim, approximately 2km to the east of the Aguila porphyry copper – molybdenum target area. The Mine was operated as an underground silver–lead–zinc producer between the 1920's and the 1960's. Preliminary fieldwork by Duran's exploration team has indicated the presence of a silver mineralized system with higher grades in shear zones and veins and widespread lower-grade silver bearing stock. A total of 11 tunnels were located.

Canada: At the end of 1Q08, DRV's book value for its exploration properties in Canada was approximately $351,880.

Miller Creek Uranium Project: During 2006, the Company staked six contiguous blocks of claims covering 30,151 hectares in the Athabasca Basin in northern Saskatchewan. This property covers portions of the Athabasca Basin along trends from numerous previously developed uranium targets. During 2007, this property was optioned to RPT Uranium Corp., giving RPT the right to earn a 70% working interest in this property.

JD Property, Toodoggone Area, British Columbia, Canada: During 2007, DRV entered into an option agreement with an arm's length party to acquire a 100% interest in the JD Property in the Toodoggone area of British Columbia (B.C.), Canada. The property is located immediately north of the Toodoggone River in northern B.C. and consists of eight claim blocks encompassing an area of 5,611 hectares. The most advanced target within the property is the Finn Zone, with its discovery hole grading 13.28 grams gold per tonne across 8.8 meters. The JD property has been subject to sequenced exploration programs since 1979, which were designed to define and develop epithermal gold – silver targets. The historical drilling on these claims is not compliant with NI43-101 requirements and may not be relied upon.

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Buttermilk Brook, Joe Brook, Long Lake and Long Lake West Properties in New Brunswick: During 1Q08, the company optioned to acquire 100% of four properties located in Victoria County, New Brunswick, subsequent to the signing of a Letter Of Intent ("LOI") with Arthur Hamilton, P. Geo., and Lorena Hamilton of Bathurst, New Brunswick. The Buttermilk Brook property consists of 36 mineral claims covering 576 hectares. The Joe Brook Property adjoins the Buttermilk to the west and consists of 16 mineral claims covering 256 hectares. The Long Lake and Long Lake West Extension consist of 170 mineral claims.

U.S.A.: During 2005, the Company acquired by staking, 40 lode mining claims in Nye County, Nevada. The claims cover an area of interest that is 6,000 feet by 6,000 feet. The prospect area was identified as being of interest to DRV due to published results of a stream sediment survey for uranium by the United States Geological Survey. During the year the claims for these properties were not renewed and the carrying value of the exploration property was written off.

Industry Analysis: Emerging markets as a group (Brazil, Russia, India, China, and the Middle East oil producers) have been the key driving forces of world economic growth in the past five years. As such, a focus on U.S. economic data may lead to a misread of world economic activities with respect to metal demand as growth in the emerging markets could be sustained at a high level even in a weakening Western world environment.

Merger and acquisition activity has been feverish in the metals industries during the past three years, with the Canadian senior producers largely overshadowed by bigger foreign buyers. In the current price environment for metals, producers are often flush with cash and in many cases, have limited internal growth opportunities. Faced with the prospect of escalating capital costs, permitting issues, and development delays, producers have been very motivated to pay up for operating assets. Chinese interests have recently acquired several notable copper developers (Northern Peru Copper, Peru Copper, and Tyler Resources) in an effort to become more self sufficient in feeding China's ferocious internal demand. We anticipate M&A activity in the sector to continue for the foreseeable future, particularly in the relatively fractured mid-tier producer space, as rising long-term copper price expectations and a lack of industry exploration successes are likely to motivate a growth-through-acquisition strategy.

Financial Review and Outlook:

As a pure exploration company, Duran Ventures has not generated revenues to date. For 1Q08, net loss totaled $194K, up from $34K because of higher administrative & general expenses, increased stock-based compensation expenses, lower net property option revenue, and the presence of future income tax expenses. Duran reported cash and cash equivalents of $3.2 million at the end of 1Q08. We estimate the cash burn rate for next 9 month will be approximately $3 million, and therefore believe that Duran will need to raise capital towards the end of 2008 to meet the funding requirements for its operating and investing activities.

At the end of 1Q08, Duran had 2.5 million stock options outstanding with exercise prices ranging between $0.25 and $1.50, and maturity periods between December 2009 and 2010. The company also had 1.87 million warrants outstanding, with exercise prices from $1.00 to $1.50, and maturity periods through January, 2009.

The progress at the Peruvian properties and the new opportunities resulting from recent drilling gives us confidence that DRV's exploration will yield positive results. The proposed business combination of Duran Ventures Inc. and Macmillan Gold Corp., will result in Duran owning 100% of Minera Aguila de Oro SAC and all of the related Peruvian property assets, plus the elimination of the 5% Net Smelter Royalty, which management

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feels will make the projects more attractive to a potential future acquirer. This Business Combination is expected to be completed by August 31, 2008. All of the outstanding common shares of MacMillan will be exchanged for common shares of Duran on the basis of 0.5 DRV common shares for each MacMillan common share held. This will result in an increase in DRV's total diluted shares outstanding to approximately 66.3 million. The ownership of the new Duran will be approximately 48% current Duran shareholders and 52% current MacMillan shareholders.

Financial Summary

Canadian $	2005	2006	2007	2008E	2Q07	2Q08E
Revenue	$0	$0	$0	$0	$0	$0
Operating Income	(371,934)	(224,925)	(808,953)	(1,299,890)	(109,118)	(248,055)
Net Income	(371,934)	(160,925)	(749,543)	(1,246,974)	(108,091)	(238,055)
EPS	($0.037)	($0.012)	($0.034)	($0.047)	($0.005)	($0.009)

Valuation, Rating, and Target: As none of the company's projects have known resource estimates, we have valued the company based on the average ratio of enterprise value (EV) to mineral assets (book value) of the company's peers. We applied the peer group average multiple of 13.5x to the book value of Duran's mineral assets to arrive at our target price of $1.50 a share. Therefore, based on the company progress, we recommend a Buy rating on DRV shares and a target price of $1.50 per share. This valuation does not capture the upside potential of the company's project at this stage of exploration.

Peer Group Comparison and Valuation Analysis

Company	Symbol	Price	Shares Outs. (Mil.)	Market Cap. (Mil.)	Enterprise Value (Mil.)	Mineral Assets (Mil.)	EV/Mineral Assets
Macmillan Gold Corp.	MMG	$ 0.55	62.0	$ 34.1	$ 32.6	$ 3.1	10.6x
Augusta Resource Corp.	AZC	$ 6.68	88.6	$ 591.8	$ 576.0	$ 30.1	19.1x
Norsemont Mining Inc.	NOM	$ 3.60	48.8	$ 175.8	$ 166.5	$ 12.5	13.3x
Globex Mining Enterprises	GMX	$ 2.75	17.8	$ 49.0	$ 47.3	$ 7.1	6.6x
Queenston Mining Inc.	QMI	$ 2.30	50.9	$ 117.2	$ 97.5	$ 5.1	19.0x
Average							*13.5x*
Duran Ventures Inc.	DRV	$ 1.04	27.0	$ 28.0	$ 24.8	$ 2.7	9.2x

Data as of July 28, 2008

Conclusion: We believe that Duran Ventures Inc. has a strong management and operational team working a solid pipeline of exploration projects. A positive resource estimate at and ultimate sale of the Aguila copper molybdenum project in Peru could provide the company with the cash flow necessary to continue to advance its other projects through to development decisions.

We believe that Duran could have a bright future ahead of it if any of Peru projects start to deliver on their indicated results. Our target price of $1.50 does not fully capture the upside potential if Duran is able to prove resources at Aguila and then sell its assets to a production company at an attractive price. Over the next 12 to 18 months, we expect Duran will be able to publish NI 43-101 results that could ultimately lead to a sale of the Peru assets.

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Management:

George A. Brown is Chief Executive Officer of both Duran Ventures Inc. and MacMillan Gold Corp. He was appointed CEO of Duran in 2003 and has over 20 years of experience in the mining industry. Mr. Brown is an Honors Finance and Accounting B.B.A. graduate from Bishop's University. Mr. Brown has provided financial services to Campbell Resources Inc., Resources Camchib Inc., Cullaton Lakes Gold Mines Inc., Chesbar Resources Inc., Boulder Mining Corporation, Nugget Resources Inc., Titanium Corporation, and Corner Bay Silver Inc. Prior to his service at Duran, Mr. Brown was Treasurer of Corner Bay Silver Inc.

David C. Hammond was appointed Chief Financial Officer in June, 2007. Mr. Hammond graduated in 1988 from Jacksonville State University, in Jacksonville, Alabama, with a B.Sc. in Accounting and Finance. Since graduation, Mr. Hammond performed public accounting and auditing work for 7 years with PriceWaterhouse Coopers and Revenue Canada Taxation, after which he served at an international finance company for 12 years, where he left as a Vice President of Underwriting. He successfully underwrote and closed over $1 billion of commercial loans in Canada and the U.S.A. during this period.

David A. Bending is Vice President of Minera Aguila de Oro SAC. Mr. Bending is an Honors B.Sc. Geology graduate from the University of Oregon and has also completed his M.Sc. at the University of Toronto in Mineral Deposits Geology, Geochemistry, Geochemistry, and Geophysics. His thesis won him the Canadian Institute of Mining, Metallurgy, and Petroleum (CIM) President's Gold Medal Award. Mr. Bending has worked for The Bunker Hill Company, Rio Tinto Canadian Exploration Ltd., Texasgulf Exploration, and Homestake Mining Company, where he was Exploration Manager for Northern Latin America. Mr. Bending has extensive hands-on experience working in Mexico and is fluent in Spanish.

Carmen Yuen was appointed Treasurer on December 31, 2007. Ms. Yuen is a graduate of the University of Toronto with a Bachelors of Commerce degree specializing in finance. Ms. Yuen has also successfully completed her certification exams to qualify as a Certified Public Accountant. Ms. Yuen's work experience includes a position as a tax analyst with an international tax firm.

Cary Pothorin (P.Geo.) was appointed President of Minera Aguila de Oro SAC in 2007. Mr. Pothorin is a Canadian professional geologist in good standing with the Association of Engineers and Geoscientists of British Columbia. He graduated in 1988 with a B.Sc. specialized in Geology from the University of Alberta. He also received a Business Administration Diploma from Camosum College in Victoria B.C. in 1994. Mr. Pothorin is fluent in Spanish and in his most recent role as VP Exploration of Acero-Martin Exploration Inc. he successfully advanced the Pinaya Porphry copper-gold skarn deposit in Peru to a National Instrument 43-101 compliant resource estimate.

Risks: The company appearing in this report is at a junior stage and consequently any investment in the company's securities should be considered highly speculative. This analysis should be considered by sophisticated investors only, in conjunction with the advice of a qualified investment professional.

Rating Structure: There are three categories within the LOM Investment Rating System: "Buy", "Hold", and "Sell". The rating category assigned to each company is based on the analysis of four factors: intrinsic value, relative value, capital flow/market sentiment, and fundamental catalysts (both long and short-term.) A combination of these factors is used to formulate specific one-year share price targets and estimates of total return. Total return estimates are derived from estimated capital appreciation plus projected cash dividends during the twelve calendar months following the report release date. In order to assign a "Buy" rating, the

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estimated one-year total return on a given company's stock must be greater than +15.0%. Stocks in the "Hold" category have estimated one-year total returns in the range of -15.0% to +15.0%. Stocks rated "Sell" have estimated one-year total returns of less than -15.0%.

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