

DURANGO RESOURCES INC.
(An Exploration Company)
CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited)

FOR THE PERIOD ENDED OCTOBER 31, 2020
(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 condensed 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 interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

Durango Resources Inc.
(An Exploration Stage Company)
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(Unaudited)

	Oct 31, 2020 (Unaudited)	July 31, 2020 (Audited)
Assets		
Current		
Cash	\$ 2,584,181	\$ 476,434
Amounts receivable	88,863	16,356
	2,673,044	492,790
Exploration and evaluation assets (Note 4)	887,224	445,738
Reclamation bond	20,000	20,000
Total assets	\$ 3,580,268	\$ 958,528
Liabilities and Shareholders' Equity		
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 245,254	\$ 223,506
Due to related parties (Note 7)	89,988	34,506
Flow-through premium (Notes 5 and 8)	27,956	27,956
	363,198	285,968
Shareholders' equity		
Share capital (Note 5)	10,425,038	7,475,600
Contributed surplus (Note 5)	825,373	825,373
Deficit	(8,033,341)	(7,628,413)
	3,217,070	672,560
Total liabilities and shareholders' equity	\$ 3,580,268	\$ 958,528

Nature of business and going concern (Note 1)
 Commitments (Notes 4 and 8)

Approved and authorized by the Board on December 30, 2020.

"Marcy Kiesman"
 Director

"Aimee Ward"
 CFO

The accompanying notes are an integral part of these financial statements.

Durango Resources Inc.
(An Exploration Stage Company)
STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Expressed in Canadian Dollars)
(Unaudited)

	For the period ended, Oct 31	
	2020	2019
Administrative expenses		
Business consultants (Note 7)	\$ 327,857	\$ 69,780
Directors' fees (Note 7)	6,000	5,000
Internet and website	3,300	2,250
Investor relations & conferences	14,034	-
Listing and transfer agent fees	22,186	3,392
Meals	563	551
Office & Miscellaneous	5,700	6,420
Professional fees (Note 7)	19,545	7,682
Rent (Note 8)	2,625	2,625
Travel	2,821	803
Loss before other items	(404,630)	(98,503)
Other Items		
Write off of exploration and evaluation assets (Note 5)	(298)	-
	(298)	-
Net loss for the period	\$ (404,928)	\$ (98,503)
Weighted average number of shares outstanding	76,705,500	39,014,093

The accompanying notes are an integral part of these financial statements

Durango Resources Inc.
(An Exploration Stage Company)
STATEMENTS OF CASH FLOW
(Expressed in Canadian Dollars)
(Unaudited)

	For the period ended,	
	Oct 31,	
	2020	2019
Cash provided by (used in)		
Operating activities		
Net loss for the period	\$ (404,928)	\$ (98,503)
Items not affecting cash		
Write off exploration and evaluation assets	298	
	(404,630)	(98,503)
Changes in non-cash working capital balances		
Amounts receivable	(72,508)	(3,042)
Due to related parties	55,482	17,453
Accounts payable and accrued liabilities	21,748	(8,756)
	(399,908)	(92,848)
Investing activities		
Exploration and evaluation costs	(441,783)	(1,781)
Financing activities		
Proceeds from issuance of common shares	2,949,438	
	2,949,438	-
Increase (decrease) in cash	2,107,747	(94,630)
Cash, beginning of period	476,434	324,854
Cash, end of period	\$ 2,584,181	\$ 230,224

The accompanying notes are an integral part of these financial statements.

Durango Resources Inc.
(An Exploration Stage Company)
STATEMENT OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Share Capital		Contributed Surplus	Deficit	Total Shareholders' Equity
	Shares	Amount			
Balance, July 31, 2019	41,603,000	7,244,350	693,373	(7,296,775)	640,948
Net loss for the period	-	-	-	(98,503)	(98,503)
Balance, Oct 31, 2019	41,603,000	7,244,350	693,373	(7,395,278)	542,445
Shares issued for flow-through private placement	625,000	50,000			50,000
Shares issued for non flow-through private placement	4,000,000	200,000			200,000
Flow-through premium		(18,750)			(18,750)
Share-based payments			132,000		132,000
Net loss for the period	-	-	-	(233,135)	(233,135)
Balance, July 31, 2020	46,228,000	7,475,600	825,373	(7,628,413)	672,560
Shares issued for flow-through private placement	13,150,000	1,610,875			1,610,875
Shares issued for non flow-through private placement	16,250,000	1,218,750			1,218,750
Shares issued for warrant and option exercise	1,077,500	119,813			119,813
Net loss for the period				(404,928)	(404,928)
Balance, Oct 31, 2020	76,705,500	10,425,038	825,373	(8,033,341)	3,217,070

The accompanying notes are an integral part of these financial statements.

Durango Resources Inc.
(An Exploration Stage Company)
NOTES TO THE FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
For the Period Ended October 31, 2020
(Unaudited)

1. Nature of Business and Going Concern

Durango Resources Inc. (the “Company” or “Durango”) was incorporated on August 21, 2006 under the Business Corporations Act of British Columbia and is listed on the TSX Venture Exchange (“TSXV”) under the symbol “DGO”. The Company is engaged in the business of exploring precious and base mineral properties in Canada. At October 31, 2020, the Company is considered an exploration stage company. The head office and principal address of the Company is Suite 248, 515 West Pender Street, Vancouver, British Columbia, V6B 6H5.

These financial statements have been prepared on a going concern basis with the assumption that the Company will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. As at October 31, 2020, the Company has not recognized revenue, has working capital of \$2,309,846 (July 31, 2020 – \$206,822), has accumulated operating losses of \$8,033,341 (July 31, 2020 – \$7,628,413) since its inception, and has not yet determined whether its properties contain mineral reserves that are economically recoverable. The continuation of the Company is dependent upon the continuing financial support of shareholders, obtaining long-term financing to complete exploration and development and the existence of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims and upon future profitable production. While the Company is expanding its best efforts to achieve the above plans, there is significant doubt regarding the outcome of these matters. Based on its current plans, budgeted expenditures, and cash requirements, the Company does have sufficient cash to finance its current plans. The Company expects that it may need to raise additional capital to accomplish its business plan over the next several years. The Company may seek additional financing through equity financing. There can be no assurance as to the availability or terms upon which such financing might be available. These material uncertainties may cast significant doubt about the ability of the Company’s going concern.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might arise from this uncertainty.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effect on the Company’s business or ability to raise funds.

2. Basis of Presentation

These financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”). The financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. The financial statements are presented in Canadian dollars, which is the Company’s functional currency.

Durango Resources Inc.
(An Exploration Stage Company)
NOTES TO THE FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
For the Period Ended October 31, 2020
(Unaudited)

3. Significant Accounting Policies

Significant Accounting Estimates and Judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting year. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the year in which the estimate is revised and future periods if the revision affects both current and future years. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical Accounting Estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- i) The carrying value and impairment charge, if any, of the exploration and evaluation assets.
- ii) The estimated amounts of reclamation and environmental obligations.

Critical Accounting Judgments

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. The Company's management made the following critical accounting judgments:

- i) The determination of deferred tax assets and liabilities recorded in the financial statements.
- ii) The determination of whether technical feasibility and commercial viability can be demonstrated for its exploration and evaluation assets. Once technical feasibility and commercial viability of a property can be demonstrated, it is reclassified from exploration and evaluation assets and subject to different accounting treatment. As at Oct 31, 2020 management had determined that no reclassification of exploration and evaluation assets was required.
- iii) The Company's ability to continue as a going concern, as disclosed in Note 1.

Durango Resources Inc.
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NOTES TO THE FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
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(Unaudited)

3. Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents include cash, bank deposits, cashable guaranteed investment certificates and all highly liquid investments with a maturity of three months or less at the date of purchase. Due to the short time to maturity of cash equivalents, their carrying amounts approximate their fair value.

Exploration and Evaluation Assets

The Company is in the exploration stage in respect to its exploration and evaluation assets.

Pre-exploration costs are expensed in the year in which they are incurred.

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, geological and geophysical evaluation, surveying costs, drilling costs, payments made to contractors and depreciation on property and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the year in which they occur.

Where the Company has entered into option agreements for the acquisition of an interest in exploration and evaluation assets which provided for periodic payments, such amounts unpaid are not recorded as a liability since they are payable entirely at the Company's discretion. Although the Company has taken steps to verify title to the exploration and evaluation assets in which it has an interest, these procedures do not guarantee the Company's title. The exploration and evaluation assets may be subject to prior undetected agreements or transfers and title may be affected by such defects.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written-off to profit or loss.

The Company assesses exploration and evaluation assets for impairment at each reporting date.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mine development cost". Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties.

Any incidental revenue earned in connection with exploration activities is applied as a reduction to capitalized exploration costs. Any operational income earned in connection with exploration activities is recognized in profit or loss.

Mineral exploration and evaluation expenditures are classified as intangible assets.

Durango Resources Inc.
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NOTES TO THE FINANCIAL STATEMENTS
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3. Significant Accounting Policies (continued)

Exploration and Evaluation Assets (continued)

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the farmee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

Exploration costs renounced due to flow-through share subscription agreements remain capitalized. However, for corporate income tax purposes, the Company has no right to claim these costs as tax-deductible expenses.

Mining exploration tax credits for certain exploration expenditures incurred in BC and Quebec are treated as a reduction of the exploration and development costs of the respective resource property. The amounts are recorded in the year received.

A full list of all the Significant Accounting Policies can be found in the Annual Audited Financial Statements dated November 27, 2020 as filed on www.sedar.com.

Durango Resources Inc.
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NOTES TO THE FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
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(Unaudited)

4. Exploration and Evaluation Assets

	Mayner's Fortune BC	Dianna Lake Sask	Windfall Lake		Decouverte Quebec	Nemaska Claims	Total
			Trove	Lake			
Balance, July 31, 2019	\$ 110,632	\$ -	\$ 13,809	\$ -	\$ 57,649	\$ 412,743	
Deferred exploration costs	-	-	-	-	-	-	
Assay & Exploration	-	-	6,433	-	5,963	17,134	
Professional Services	-	2,000	113,463	-	-	113,463	
Current year additions	-	2,000	119,896	-	5,963	132,597	
Tax credit and cost recovery	-	-	(56,680)	-	-	(91,639)	
Write-off of costs	-	(2,000)	(5,963)	-	(5,963)	(7,963)	
Balance, July 31, 2020	\$ 110,632	\$ -	\$ 77,025	\$ -	\$ 57,649	\$ 445,738	
Deferred exploration costs	-	-	-	-	-	-	
Assay & Exploration	-	-	61,851	-	298	437,784	
Professional Services	-	-	4,000	-	-	4,000	
Current year additions	-	-	61,851	-	298	441,784	
Write-off of costs	-	-	(298)	-	(298)	(298)	
Balance, October 31, 2020	\$ 110,632	\$ -	\$ 138,876	\$ -	\$ 57,649	\$ 887,224	

Durango Resources Inc.
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4. Exploration and Evaluation Assets (continued)

Mayner's Fortune claims, British Columbia

In July 2015, the Company entered into an agreement for the acquisition of the Mayner's Fortune property situated in northern British Columbia. Consideration was the issuance of 1,400,000 common shares and 125,000 common shares as a finder's fee (issued). No exploration was completed on the property during the period ended October 31, 2020.

Dianna Lake claims, Saskatchewan

On April 20, 2016, the Company entered into an agreement to acquire 100% of the 131 hectare Dianna Lake silver project located in northern Saskatchewan near Uranium City. Terms of the agreement are to pay \$150,000 to an arm's-length vendor upon completion of a financing (paid), and a further \$150,000 upon achieving a National Instrument 43-101 with an indicated resource of a minimum of 50,000 ounces of silver. During the year ended July 31, 2019, the property was written down to zero as management had no future plans for the project.

Trove claims, Quebec

On August 25, 2010, the Company signed an agreement for the acquisition of the Trove Property situated in Quebec. Consideration included a \$12,000 cash payment (paid), the issuance of 2,500,000 common shares (issued) over a period of two years and \$125,000 work commitment to be completed by August 25, 2012. Finder's fees of 250,000 shares were issued. During the year ended July 31, 2013, the Company wrote off the capitalized costs of \$351,986 to a zero balance. During the year ended July 31, 2018, the Company booked a cost recovery of \$897,433 due to an option agreement which was signed with BonTerra Resources Inc. ("BonTerra").

The Company entered into an agreement with BonTerra on March 30, 2017, to option up to 100% of the property. The BonTerra Resources option on the Trove Property in Windfall lake was terminated on October 11, 2018 leaving Durango with 100% ownership of the claims. During the year ended July 31, 2020, \$4,738 in exploration expenditures were completed on the property by Durango. During the period ended October 31, 2020, \$379,635 in exploration expenditures were completed on the property.

Windfall claims, Quebec

In February 2017, the Company entered into an agreement for the acquisition of the Windfall Lake Trilogy which are 2,600 hectares in size and are located in the Windfall Lake gold camp area of northern Quebec. Consideration included the issuance of 1,000,000 common shares (issued) and 100,000 finder's fees (issued). Additional claims were acquired in the area for a deemed cost of \$27,500 (500,000 common shares). During the year ended July 31, 2019, the Company decided to focus on a portion of the claims; accordingly wrote off a portion of the capitalized cost. During the period ended October 31, 2020, \$61,851 in exploration expenditures were completed on the property.

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(Unaudited)

4. Exploration and Evaluation Assets (continued)

Decouverte claims, Quebec

On November 10, 2010, the Company entered into an agreement for the acquisition of the Decouverte Property situated in Quebec. Consideration included the issuance of 2,750,000 common shares (issued) and a \$200,000 work commitment to be completed one year from TSXV approval. The Company owns 100% of the property. During the year ended July 31, 2019, the property was written down to zero.

Nemaska claims/NMX East claims, Quebec

During the year ended July 31, 2015, the Company staked 383 hectares in northern Quebec. During the year ended July 31, 2016, the Company staked and purchased additional claims. The Company decided to focus on a portion of the claims; accordingly wrote off a portion of the capitalized cost in the year ended July 31, 2018. No exploration was completed on the property during the period ended October 31, 2020.

5. Share Capital

Authorized: Unlimited number of common shares without par value

- a. During the period ended October 31, 2020, the Company:
 - i. Completed a non-brokered private placement and issued flow-through units at a price of \$0.1225 per unit. Each unit consisted of one common share and one-half share purchase warrant exercisable at \$0.15 for a period of three years, expiring August 13, 2023. 13,150,000 units were issued on August 14, 2020 for gross proceeds of \$1,610,875
 - ii. Completed a non-brokered private placement and issued non flow-through units at a price of \$0.075 per unit. Each unit consisted of one common share and one-half share purchase warrant exercisable at \$0.15 for a period of three years, expiring August 13, 2023. 16,250,000 units were issued on August 14, 2020 for gross proceeds of \$1,218,750.
 - iii. Issued 1,077,500 shares pursuant to several tranches of warrant exercises. 977,500 shares are related to warrant exercises at \$0.10 per share, 562,500 warrants at \$0.125 per share, and 100,000 warrants at \$0.08 per share for total proceeds of \$119,813.
 - iv. Completed a grant of 3,000,000 stock options. Each stock option is exercisable at a price of \$0.125 for a period of five years from the grant date, expiring on September 9, 2025.

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5. Share Capital (continued)

b. During the year ended July 31, 2020, the Company:

- i. Completed a non-brokered private placement and issued flow-through units at a price of \$0.08 per unit. Each unit consisted of one common share and one share purchase warrant exercisable at \$0.125 for a period of two years from the closing date. The purchase of 625,000 units closed on November 27, 2019 for gross proceeds of \$50,000. A flow-through premium of \$18,750 was recognized upon the issuance.
- ii. Completed a non-brokered private placement and issued non flow-through units at a price of \$0.05 per unit. Each unit consisted of one common share and one share purchase warrant exercisable at \$0.08 for a period of two years from the closing date. The purchase of 4,000,000 units closed on March 11, 2020 for gross proceeds of \$200,000.

c. Stock options

The Company has adopted an incentive stock option plan, whereby options may be granted from time to time to directors, officers, employees and consultants of the Corporation with common shares to be reserved for issuance as options not to exceed 10% of the issued and outstanding common shares with no one individual being granted options for more than 5% of the issued and outstanding common shares. Stock options granted have a maximum term of ten years according to the TSXV rules. The fair value of each grant of stock options during the year ended July 31, 2020 and 2019, was estimated on the date of grant using the Black-Scholes option valuation model with the following assumptions:

July 31, 2020	Weighted Average
Estimated life	5 years
Share price at date of grant	\$0.07
Option exercise price	\$0.10
Risk-free interest rate	1.00%
Estimated annual volatility	100%
Option fair value	\$0.05
Fair value	\$132,000

July 31, 2019	
Estimated life	3 years
Share price at date of grant	\$0.06
Option exercise price	\$0.07
Risk-free interest rate	2.11%
Estimated annual volatility	100%
Option fair value	\$0.04
Fair value	\$51,000

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5. Share Capital (continued)

c. Stock options (continued)

The expected volatility was determined based on the volatility of companies in the same industry with similar size and transactions.

Stock Options Outstanding

	Number of Shares	Weighted Average Exercise Price
Outstanding July 31, 2019	3,150,000	0.080
Expired/Cancelled	(1,900,000)	0.090
Granted	2,800,000	0.100
Outstanding July 31, 2020	4,050,000	\$ 0.090
Granted	3,000,000	0.125
Outstanding October 31, 2020	7,050,000	\$ 0.110

A summary of the Company's options outstanding and exercisable at October 31, 2020 is as follows:

Number of options outstanding	Number of options exercisable	\$ per share	Expiry date
200,000	200,000	\$0.100	June 25, 2021
250,000	250,000	\$0.060	September 17, 2021
600,000	600,000	\$0.070	December 4, 2021
200,000	200,000	\$0.070	December 12, 2021
1,600,000	1,600,000	\$0.100	February 19, 2025
1,200,000	1,200,000	\$0.100	June 29, 2025
3,000,000	3,000,000	\$0.125	September 9, 2025
7,050,000	7,050,000	\$0.011	

d. Warrants

Warrants Outstanding

	Number of Warrants	Weighted Average Exercise Price
Outstanding July 31, 2019	8,488,044	0.12
Expired	(2,148,133)	0.15
Issued	4,625,000	0.09
Outstanding July 31, 2020	10,964,911	\$ 0.12
Exercised	(1,077,500)	(0.11)
Issued	15,438,458	0.15
Outstanding Oct 31, 2020	25,325,869	\$ 0.14

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5. Share Capital (continued)

e. Warrants (cont.)

On April 15, 2019 the Company received approval from the TSXV to extend the expiry dates of existing warrants that had respective expiry dates of June 7, 9, and 20, 2019 by two years to June 7, 9, and 20, 2021. The \$0.10 exercise price and all other terms of the 2017 warrants will remain unchanged for the extended exercise period.

A summary of the Company's warrants outstanding and exercisable at Oct 31, 2020 is as follows:

Number of warrants outstanding	\$ per share	Expiry date
2,658,485	\$0.100	June 7, 2021
816,667	\$0.100	June 9, 2021
1,115,000	\$0.100	June 20, 2021
401,666	\$0.125	March 29, 2022
933,093	\$0.125	July 22, 2022
62,500	\$0.125	November 28, 2021
3,900,000	\$0.080	March 11, 2022
15,438,458	\$0.150	August 13, 2023
25,325,869	\$0.140	

6. Capital Disclosures

The Company includes cash and equity, comprising of issued common shares, contributed surplus, accumulated other comprehensive income and deficit, in the definition of capital.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ended October 31, 2020. The Company is not subject to externally imposed capital requirements.

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7. Related Party Transactions

The following transactions with related parties have been valued in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties:

Key management personnel compensation

For the period ended Oct 31,	2020	2019
Consulting fees with a company controlled by the President of the Company	\$ 30,000	\$ 30,000
Consulting fees with the CFO of the Company	6,000	6,000
Rental fees with a company with a common director of the Company	2,625	2,625
Director's fees	6,000	5,000
	\$44,625	\$43,625

As at October 31, 2020 and 2019, amounts due to related parties were owed to the CEO, CFO and directors of the Company. The amounts due are non-interest bearing, unsecured, and due on demand.

8. Commitments

The Company entered into a contract on June 1, 2017 with Steveston Finance, wholly owned by the President (Marcy Kiesman) of the Company. The contract obligates the Company to pay \$10,000 per month for management services until terminated.

The Company entered into a consulting agreement on December 5, 2018 with the CFO of the company that includes change of control clause. In the case of a change of control, the officer is entitled to an amount equal to twelve times the monthly cash payment. As at October 31, 2020, the monthly cash payment under the agreement is \$2,000 per month.

The Company entered into an office lease agreement on September 10, 2013 with a corporation with a common director. The contract obligates the Company to pay rent of \$875 per month on a year-to-year basis.

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9. Financial Instruments

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk, liquidity risk and currency risk.

a. Credit risk

The Company is exposed to credit risk by holding cash. The maximum exposure to credit risk is equal to the carrying value of the financial assets. This risk is minimized by holding the investments in large Canadian financial institutions or with Canadian governments. The Company has minimal accounts receivable exposure, and its various refundable credits are due from Canadian governments.

b. Interest rate risk

The Company is exposed to interest rate risk because of fluctuating interest rates. Fluctuations in market rates do not have a significant impact on the Company's operations.

c. Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company manages this risk by careful management of its working capital to ensure its expenditures will not exceed available resources. As at October 31, 2020 the Company was holding cash of \$2,584,181 to satisfy accounts payable and due to related parties of \$335,242. The Company plans to obtain cash inflows from share capital financings. There can be no guarantee that management's efforts to raise additional funds will be successful.

d. Commodity price risk

The Company's ability to raise capital to develop its mineral properties is subject to risks associated with fluctuations in the market prices of precious metals, graphite, base metals and rare earth elements.

e. Currency rate risk

The Company's functional currency is the Canadian dollar. There is no significant foreign exchange risk to the Company. The Company does not engage in any form of derivative or hedging instruments.