

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

**FOR THE PERIOD ENDED OCT 31, 2021**  
**(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)**

	<b>Oct 31,</b>	<b>July 31,</b>
	<b>2021</b>	<b>2021</b>
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 251,314	\$ 289,881
Amounts receivable	243,530	238,037
	494,844	527,918
Exploration and evaluation assets (Note 4)	2,395,782	2,368,405
Reclamation bond	20,000	20,000
<b>Total assets</b>	<b>\$ 2,910,627</b>	<b>\$ 2,916,323</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 79,209	\$ 69,991
Due to related parties (Note 7)	58,722	12,848
Flow-through premium (Notes 3 and 5)	15,116	15,116
	153,047	97,955
<b>Shareholders' equity</b>		
Share capital (Note 5)	9,591,763	9,591,762
Contributed surplus (Note 5)	1,182,773	1,182,773
Deficit	(8,016,956)	(7,956,167)
	2,757,580	2,818,368
<b>Total liabilities and shareholders' equity</b>	<b>\$ 2,910,627</b>	<b>\$ 2,916,323</b>

Nature of business and going concern (Note 1)  
 Commitments (Notes 3 and 9)  
 Subsequent events (Note 12)

Approved and authorized by the Board on December 30, 2021.

*"Marcy Kieszman"*  
 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,	
	2021	2020
<b>Administrative expenses</b>		
Business consultants (Note 7)	\$ 30,000	\$ 327,857
Directors' fees (Note 7)	4,000	6,000
Internet and website	3,429	3,300
Investor relations & conferences	8,028	14,034
Listing and transfer agent fees	150	22,186
Meals	1,055	563
Office & Miscellaneous	3,254	5,700
Professional fees (Note 7)	10,702	19,545
Rent (Notes 7 and 9)		2,625
Travel	171	2,821
<b>Loss before other items</b>	<b>(60,789)</b>	<b>(404,632)</b>
<b>Other Items</b>		
Write off of exploration and evaluation assets (Note 5)		(298)
	-	(298)
<b>Net loss for the period</b>	<b>\$ (60,789)</b>	<b>\$ (404,930)</b>
Weighted average number of shares outstanding		
- basic and diluted	76,705,500	76,705,500

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,	
	2021	2020
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net loss for the period	\$ (60,789)	\$ (404,928)
Items not affecting cash		
Write off exploration and evaluation assets	-	298
	<u>(60,789)</u>	<u>(404,630)</u>
Changes in non-cash working capital balances		
Amounts receivable	(5,493)	(72,508)
Due to related parties	45,874	55,482
Accounts payable and accrued liabilities	9,218	21,748
	<u>(11,190)</u>	<u>(399,908)</u>
<b>Investing activities</b>		
Exploration and evaluation costs	(27,377)	(441,783)
Mining tax credits received	-	-
	<u>(27,377)</u>	<u>(441,783)</u>
<b>Financing activities</b>		
Proceeds from issuance of common shares, net of share issuance costs	-	2,949,438
	<u>-</u>	<u>2,949,438</u>
<b>Increase (decrease) in cash</b>	<b>(38,567)</b>	<b>2,107,747</b>
<b>Cash, beginning of period</b>	<b>289,881</b>	<b>476,434</b>
	<u>289,881</u>	<u>476,434</u>
<b>Cash, end of period</b>	<b>\$ 251,314</b>	<b>\$ 2,584,181</b>
	<u>\$ 251,314</u>	<u>\$ 2,584,181</u>

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

	Share Capital				Total Shareholders' Equity	
	Shares	Amount	Contributed Surplus	Deficit		
<b>Balance, July 31, 2020</b>	<b>46,228,000</b>	<b>7,475,600</b>	-	<b>825,373</b>	<b>(7,628,413)</b>	<b>672,560</b>
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	1,077,500	119,813				119,813
Net income (loss) for the period					(404,928)	(404,928)
<b>Balance, Oct 31, 2020</b>	<b>76,705,500</b>	<b>10,425,038</b>	-	<b>825,373</b>	<b>(8,033,341)</b>	<b>3,217,070</b>
Flow-through premium		(624,625)				(624,625)
Share issuance cost		(208,650)		55,000		(153,650)
Share-based payments				302,400		302,400
Net income (loss) for the period					77,174	77,174
<b>Balance, July 31, 2021</b>	<b>76,705,500</b>	<b>9,591,763</b>	-	<b>1,182,773</b>	<b>(7,956,167)</b>	<b>2,818,369</b>
Net income (loss) for the period					(60,789)	(60,789)
<b>Balance, Oct 31, 2021</b>	<b>76,705,500</b>	<b>9,591,763</b>	-	<b>1,182,773</b>	<b>(8,016,956)</b>	<b>2,757,580</b>

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

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**Durango Resources Inc.**  
**(An Exploration Stage Company)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**(Expressed in Canadian Dollars)**  
**For the Period Ended Oct 31, 2021**  
**(Unaudited)**

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**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 Oct 31, 2021, the Company is considered an exploration stage company. The head office and principal address of the Company is PO Box 31880, Richmond, BC.

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 Oct 31, 2021, the Company has not recognized revenue, has working capital of \$341,797 (July 31, 2021 – \$429,965), has accumulated operating losses of \$8,016,956 (July 31, 2021 – \$7,956,166) since its inception, and has not yet determined whether its properties contain mineral reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the properties or realizing proceeds from their disposition. The Company has not generated revenue or cash flows from operations. The Company’s ability to continue its operations, develop its properties and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. These factors form a material uncertainty which may cast significant doubt upon the Company’s ability to continue as a 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.

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**Durango Resources Inc.**  
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### 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 October 31, 2021 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.

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**Durango Resources Inc.**  
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**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 unpaid amounts 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.

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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 29, 2021 as filed on [www.sedar.com](http://www.sedar.com).

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**4. Exploration and Evaluation Assets**

	Mayner's Fortune	Dianna Lake	Trove	Windfall Lake	Decouverte	Nemaska Claims	Total
	BC	Sask	Quebec				
<b>Balance, July 31, 2020</b>	\$ 110,632	\$ -	\$ 200,432	\$ 77,025	\$ -	\$ 57,649	\$ 445,738
Deferred exploration costs	-						
Assay & Exploration	9,691		935,874	963,776	8,546	780	1,918,667
Professional Services	-		4,000			-	4,000
Current year additions	9,691	-	939,874	963,776	8,546	780	1,922,667
<b>Balance, July 31, 2021</b>	\$ 120,323	\$ -	\$ 1,140,306	\$ 1,040,801	\$ 8,546	\$ 58,429	\$ 2,368,405
Deferred exploration costs	-						
Assay & Exploration	1,000		588	9,938	15,851		27,377
Professional Services	-						-
Current year additions	1,000	-	588	9,938	15,851	-	27,377
<b>Balance, Oct 31, 2021</b>	\$ 121,323	\$ -	\$ 1,140,894	\$ 1,050,739	\$ 24,397	\$ 58,429	\$ 2,395,782

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**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). During the period ended Oct 31, 2021, \$1,000 in exploration expenditures were incurred for claim renewal fees for the property.

**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, 2021.

**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 year ended July 31, 2021, \$963,776 in exploration expenditures were completed on the property. During the period ended Oct 31, 2021, \$9,938 in exploration expenditures were completed on the property.

**Trove claims, Quebec**

The Company has 100% ownership of the Trove property claims in the Windfall Lake area in Quebec. During the year ended July 31, 2021, \$939,874 in exploration expenditures were completed on the property. During the period ended Oct 31, 2021, \$588 in exploration expenditures were completed on the property.

**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. During the period ended Oct 31, 2021, \$15,851 in exploration expenditures were completed on the property.

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**4. Exploration and Evaluation Assets (continued)**

**5. Share Capital**

Authorized: Unlimited number of common shares without par value

- a. During the period ended October 31, 2021 the Company did not complete any share transactions.
- b. During the year ended July 31, 2021, the Company:
  - (i) Completed a non-brokered private placement of 13,150,000 flow-through units at a price of \$0.1225 per unit for gross proceeds of \$1,610,875. 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. A flow-through premium of \$624,625 was recognized upon the issuance.
  - (ii) Completed a non-brokered private placement of 16,250,000 non-flow-through units at a price of \$0.075 per unit for gross proceeds of \$1,218,750. 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 16, 2023.
  - (iii) Issued 1,077,500 shares pursuant to warrant exercises: 415,000 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) Paid cash finders' fee in the amount of \$153,650 and issued 738,458 broker warrants valued at \$55,000 in connection with the aforementioned private placements. Each broker warrant is exercisable at \$0.15 for a period of three years.

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**5. Share Capital (continued)**

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, 2021 and 2020, was estimated on the date of grant using the Black-Scholes option valuation model with the following assumptions:

<b>July 31, 2021</b>	<b>Weighted Average</b>
Estimated life	5 years
Share price at date of grant	\$0.13
Option exercise price	\$0.12
Risk-free interest rate	1.00%
Estimated annual volatility	100%
Option fair value	\$0.09
Fair value	\$302,400

<b>July 31, 2020</b>	
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

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

**Stock Options Outstanding**

	<b>Number of Shares</b>	<b>Weighted Average Exercise Price</b>
<b>Outstanding July 31, 2020</b>	<b>4,050,000</b>	<b>0.09</b>
Expired/Cancelled	( 200,000)	0.10
Granted	3,200,000	0.12
<b>Outstanding July 31, 2021</b>	<b>7,050,000</b>	<b>\$ 0.11</b>
Expired/Cancelled	( 250,000)	0.06
<b>Outstanding Oct 31, 2021</b>	<b>6,800,000</b>	<b>\$ 0.10</b>

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**5. Share Capital (continued)**

c. Stock options (continued)

A summary of the Company's options outstanding and exercisable at Oct 31, 2021 is as follows:

Number of options outstanding	Number of options exercisable	\$ per share	Expiry date
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
200,000	200,000	\$0.120	January 18, 2026
<b>6,800,000</b>	<b>6,800,000</b>	<b>\$0.010</b>	

d. Warrants

**Warrants Outstanding**

	Number of Warrants	Weighted Average Exercise Price
<b>Outstanding July 31, 2020</b>	<b>10,964,911</b>	<b>0.100</b>
Expired	(4,590,152)	0.100
Exercised	(1,077,500)	0.110
Issued	15,438,458	0.150
<b>Outstanding July 31, 2021</b>	<b>20,735,717</b>	<b>\$ 0.140</b>
Expired	( 62,500)	0.125
<b>Outstanding Oct 31, 2021</b>	<b>20,673,217</b>	<b>\$ 0.135</b>

During the year ended July 31, 2021, a total of 1,077,500 warrants were exercised for gross proceeds of \$119,813 in exchange for the issuance of 1,077,500 common shares.

A summary of the Company's warrants outstanding and exercisable at Oct 31, 2021 is as follows:

Number of warrants outstanding	\$ per share	Expiry date
401,666	\$0.125	March 29, 2022
933,093	\$0.125	July 22, 2022
3,900,000	\$0.080	March 11, 2022
7,035,250	\$0.150	August 13, 2023
8,403,208	\$0.150	August 16, 2023
<b>20,673,217</b>	<b>\$0.135</b>	

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**5. 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 Oct 31, 2021. The Company is not subject to externally imposed capital requirements.

**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

<b>For the period ended Oct 31,</b>	<b>2021</b>	<b>2020</b>
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
Director's fees	4,000	6,000
	<b>\$40,000</b>	<b>\$44,625</b>

As at Oct 31, 2021 and 2020, 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.

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**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, 2021, the monthly cash payment under the agreement is \$2,000 per month.

**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 Oct 31, 2021 the Company was holding cash of \$251,314 to satisfy accounts payable and due to related parties of \$137,931. 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.

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**Durango Resources Inc.**  
**(An Exploration Stage Company)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**(Expressed in Canadian Dollars)**  
**For the Period Ended October 31, 2021**  
**(Unaudited)**

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**11. Subsequent Events**

In November 2021, 62,500 warrants exercisable at \$0.125 expired unexercised.

In December 2021, 800,000 options exercisable at \$0.07 expired unexercised.