

DURO METALS INC.

(the “Company” or “Duro”)

Form 51-102F1

MANAGEMENT’S DISCUSSION and ANALYSIS FOR THE YEAR ENDED APRIL 30, 2021

The following Management’s Discussion and Analysis (“MD&A”) supplements, but does not form part of, the financial statements of the Company and the notes thereto for the year ended April 30, 2021 and 2020 (the “Financial Statements”). Consequently, the following discussion and analysis of the results of operations and financial condition of Duro should be read in conjunction with the Financial Statements which have been prepared in accordance with International Financial Reporting Standards (“IFRS”). All amounts are stated in Canadian dollars unless otherwise indicated. The reader should be aware that historical results are not necessarily indicative of future performance. This MD&A has been prepared based on information known to management as of August 30, 2021.

Terms not otherwise defined herein have the meanings ascribed to them in the Prospectus.

Forward-Looking Statements

Certain statements contained in the following MD&A and elsewhere constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth below. The Company assumes no obligation to update or revise forward looking statements to reflect new events or circumstances except as required by law.

Description of Business

Duro Metals Inc. was incorporated under the Business Corporations Act (Alberta) on July 18, 2018. The Company’s head office is at 250 Southridge NW, Suite 300, Edmonton, Alberta, T6H 4M9. On December 12, 2019, the common shares of the Company were listed on the TSX Venture Exchange (“TSXV”) as a Capital Pool Company (“CPC”) under the trading symbol “DURO.P”. The Company is currently seeking a Qualifying Transaction.

Initial Public Offering

On December 12, 2019, the Company completed its initial public offering (“IPO”) of 3,000,000 common shares of the Company at a price of \$0.10 per share for aggregate gross proceeds of \$300,000. The common shares of the Company were listed on the TSXV as a CPC under the trading symbol “DURO.P”.

In connection with the IPO, the Company paid a cash commission of 9% of the gross proceeds of the IPO, a corporate finance fee of \$10,000, plus the agent’s legal and due diligence expenses incurred pursuant to the IPO totaling \$20,198. The Company also issued 270,000 non-transferable agent warrants at a purchase price of \$0.10 per agent warrant, expiring 24 months from the date of issuance, of which the fair value was \$13,500.

Proposed Qualifying Transaction

Subsequent to the period, on July 31, 2021, Duro has entered into a letter agreement pursuant to which the Company will acquire British Columbia mineral claims in the Gnat Pass as part of a Qualifying Transaction involving 1306043 B.C. Ltd. ("130"). In connection with the acquisition, a letter of intent was entered with 130 and Torr Resources Corp., effective July 13, 2021, pursuant to which an acquisition transaction will result in a reverse takeover of the Company pursuant to the policies of the TSX Venture Exchange, and the acquisition of the British Columbia mineral claims known as the Hu property and Dalvenie property. Together, the consolidated Gnat claims, Hu property and Dalvenie property are now known as the Latham copper-gold project. If completed, the proposed transaction will constitute the Company's Qualifying Transaction as set forth in Policy 2.4 of the TSXV.

Pursuant to the terms of the letter of intent and prior to completion of the Qualifying Transaction, the Company will continue its corporate existence from the Alberta Business Corporations Act to the British Columbia Business Corporations Act, consolidate all of its issued and outstanding securities on a basis of one new security to 1.4538 existing securities and change its name to such name as determined by the Company.

Pursuant to the letter agreement, the Company will acquire the Gnat claims in exchange for: (i) \$100,000, with \$5,000 payable upon signing of the letter agreement as a non-refundable deposit and \$95,000 on closing; (ii) 400,000 post-consolidation common shares of the Company at a deemed price of \$0.30 per common share upon closing; and (iii) 2% net smelter returns royalty in respect of the Gnat claims, one-half of which may be repurchased for payment of \$1,000,000 to the vendor.

Pursuant to the terms of the letter of intent, it is currently contemplated that the Qualifying Transaction will be effected by way of a share exchange or three-cornered amalgamation in conjunction with a concurrent financing (as defined below), which will result in 130 holding the combined mineral properties and becoming a wholly owned subsidiary of Duro. In accordance with the letter of intent, Duro will pay a good faith non-refundable deposit of \$20,000 to 130 and, subject to TSXV approval, complete an advance of up to \$225,000 to 130 as a secured loan.

Pursuant to the Qualifying Transaction, Torr will exchange the Dalvenie property to 130 in exchange for: (i) 4,000,000 common shares of 130 at a deemed price of \$0.30 per common share; (ii) payment of \$100,000 cash; and (iii) 2% net smelter returns royalty in respect of the Dalvenie property, one-half of which may be repurchased for payment of \$1,000,000 to the vendor. Following the transfer, all of the shareholders of 130 will transfer all of their common shares of 130 at a deemed price of \$0.30 per common share to the Company in exchange for post-consolidation shares of the Company on a one-for-one basis, as a share exchange or three-cornered amalgamation in conjunction with the concurrent financing (as defined below), wherein the Company will thereby acquire all of the mineral claims.

Proposed concurrent financing

Concurrently with closing of the Qualifying Transaction, 130 and the Company will complete a non-brokered private placement for minimum aggregate gross proceeds of at least \$1,275,000 to a maximum of \$3,000,000 of common shares of 130 at a price of \$0.30 per share, which will be exchanged for post-consolidation common shares of the Company as part of a three-cornered amalgamation of 130 and a wholly owned subsidiary of the company (Subco) that will be incorporated under the laws of British Columbia prior to completion of the Qualifying Transaction. The net proceeds of the concurrent financing will be used to finance exploration of the Latham copper-gold project, and for working capital and general corporate purposes.

Overall Performance

The Company completed its first year end on April 30, 2019 and was listed as a CPC on the TSXV on December 12, 2019, and, as of the date of this MD&A, has not completed its Qualifying Transaction.

Selected Annual Information

The following table summarizes audited financial data for operations reported by the Company for the year ended April 30, 2021 and 2020:

Fiscal period ended	April 30, 2021	April 30, 2020
Total Revenue (\$)	-	-
Total assets (\$)	257,258	334,414
Current liabilities (\$)	14,444	55,134
Non-current liabilities (\$)	-	-
Net loss (\$)	(36,466)	(174,479)
Basic and diluted loss per common share (\$)	(0.01)	(0.16)
Weighted average number of common shares outstanding	3,000,000	1,093,151

Summary of Quarterly Results

The following table summarizes financial data for the most recently completed quarters:

Quarter ended	Apr 30, 2021	Jan 31, 2021	Oct 31, 2020	Jul 31, 2020	Apr 30, 2020	Jan 31, 2020	Oct 31, 2019	Jul 31, 2019
Total Revenue (\$)	Nil							
Net income (loss) (\$)	(19,948)	(9,771)	7,051	(13,798)	(110,064)	(39,608)	(1,701)	(23,106)
Basic and diluted net income (loss) per common share (\$)	(0.00)	0.00	0.00	(0.00)	(0.02)	(0.01)	(0.00)	(0.01)

Results of Operations

During the three months ended April 30, 2021 (“the current quarter”), the Company incurred loss of \$19,948 (2020 – loss of \$110,064) which includes the following:

- Office and administrative expenses of \$3,066 (2020 – \$1,055) which includes rent expense and bank fees
- Professional fees of \$13,500 (2020 – \$54,907) were incurred for general legal fees and in the comparative year audit and legal fees pertaining to completing the Company’s prospectus;
- Regulatory and filing fees of \$3,730 (2020 – \$21,127) which includes filing fees with the TSXV and securities commissions.

Partially offsetting expenses, the Company received interest income of \$348 (2020 – \$1,249).

During the year ended April 30, 2021 (“the current period”), the Company incurred a net loss of \$36,466 (2020 – loss of \$174,479) which includes the following:

- Office and administrative expenses of \$13,301 (2020 – \$5,472) which includes office supplies and rent expense;
- Professional fees of \$24,475 (2020 – \$79,689) were incurred for general legal fees and in the comparative year audit and legal fees pertaining to completing the Company’s prospectus;
- Regulatory and filing fees of \$21,095 (2020 – \$32,506) which includes filing fees with the TSXV and securities commissions.

In the comparative period, the Company recorded an investor relations expense of \$3,330 which includes investor relations consulting, travel and on-line shareholder communication and promotion expenses. The Company also recognized a non-cash share-based compensation expense in the amount of \$56,700 for options issued to directors and officers during the comparative period.

Partially offsetting expenses, the Company received interest income of \$2,405 (2020 – \$3,218) and recovery of professional fees relating to a potential transaction that never transpired of \$20,000 (2020 – Nil).

Financial Instruments

Fair value of financial instruments

IFRS requires disclosures about the inputs to fair value measurements for financial assets and liabilities recorded at fair value, including their classification within a hierarchy that prioritizes the inputs to fair value measurement.

The three levels of hierarchy are:

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

The Company’s cash is classified as Level 1, whereas accounts payable and accrued liabilities are classified as Level 2. As at April 30, 2021, the Company believes that the carrying values of cash, accounts payable and accrued liabilities approximate their fair values because of their nature and relatively short maturity dates or durations.

Financial instruments risk

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counter party limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is defined as the risk of loss associated with counterparty’s inability to fulfill its payment obligations. The maximum exposure to credit risk is the carrying amount of the Company’s financial assets. The credit risk is assessed as low.

Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle its obligations as they come due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds available to meet its short-term business requirements by taking into account the anticipated cash expenditures for its exploration and other operating activities, and its holding of cash and cash equivalents. The Company will pursue further equity or debt financing as required to meet its commitments. There is no assurance that such financing will be available or that it will be available on favourable terms.

As at April 30, 2021, the Company's financial liabilities consist of its accounts payable and accrued liabilities, which are all current obligations.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to foreign exchange risk is minimal. The foreign currency risk is assessed as low.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	<u>April 30</u> <u>2021</u>	<u>April 30</u> <u>2020</u>
Financial assets at FVTPL:		
Cash	\$ 256,625	\$ 332,922
	<u>\$ 256,625</u>	<u>\$ 332,922</u>

Financial liabilities included in the statement of financial position are as follows:

	<u>April 30</u> <u>2021</u>	<u>April 31</u> <u>2019</u>
Non-derivative financial liabilities:		
Accounts payable and accrued liabilities	\$ 14,444	\$ 55,134
	<u>\$ 14,444</u>	<u>\$ 55,134</u>

Capital management

The Company monitors its equity as capital.

The Company's objectives in managing its capital are to maintain a sufficient capital base to support its operations and to meet its short-term obligations and at the same time preserve investor's confidence and retain the ability to seek out and acquire new projects of merit. The Company is not exposed to any externally imposed capital requirements.

Related party transactions

Unless otherwise noted, related party transactions were incurred in the normal course of operations and are measured at the amount established and agreed upon by the related parties. The Company incurred and paid fees to directors and officers for management and professional services as follows:

For the year ended	April 30, 2021	April 30, 2020
Professional fees paid to a corporation controlled by key management	\$ 6,750	\$ 7,500
Rent fees paid to a corporation controlled by key management	12,000	5,000
	<u>\$ 18,750</u>	<u>\$ 12,500</u>

During the year ended April 30, 2021, there were no options issued to key management (2020 – 550,000) resulting in a non-cash share-based compensation expense of \$Nil (2020 – \$49,500).

Liquidity and Capital Resources

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has no source of revenue therefore continuing operations of the Company are dependent upon management's ability to obtain adequate sources of capital to maintain and to further the development of any mineral property acquired in a Qualifying Transaction.

Working capital at April 30, 2021 was \$242,814. As of the date of this MD&A, the Company has working capital of approximately \$241,000.

Outstanding Share Data

The following table summarizes the Company's outstanding share capital:

	August 30, 2021
Common shares outstanding	6,300,000
Options outstanding (average exercise price \$0.125)	630,000
Warrants outstanding (average exercise price \$0.10)	270,000
Fully Diluted	7,200,000

Risks and Uncertainties

The Corporation has a limited history of existence. There can be no assurance that a Qualifying Transaction will be completed. Equity or debt financing may be required to complete a Qualifying Transaction. There can be no assurance that the Corporation will be able to obtain adequate financing to continue. The securities of the Corporation should be considered a highly speculative investment. The following risk factors should be given special consideration when evaluating an investment in any of the Corporation's securities:

- a) until completion of a Qualifying Transaction, the Corporation is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions;
- b) the Corporation has had no business activity and has not acquired any material assets since its incorporation other than cash;
- c) the Corporation does not have a history of earnings, nor has paid any dividends and will not generate or pay dividends until at least after the completion of the Qualifying Transaction;
- d) the Corporation has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Corporation will be able to identify a suitable Qualifying Transaction;
- e) even if a proposed Qualifying Transaction is identified, there can be no assurance that the Corporation will be able to successfully complete the transaction;
- f) the Qualifying Transaction may be financed in all or in part by the issuance of additional securities by the Corporation and this may result in further dilution to the investor, which dilution may be significant and which may also result in a change of control of the Corporation;
- g) there can be no assurance that an active and liquid market for the common shares will develop and an investor may find it difficult to resell its common shares;
- h) if the Corporation fails to complete a Qualifying Transaction within 24 months of listing, the Exchange could suspend or delist the Common shares and an interim cease trade order may be issued against the Corporation's securities by an applicable securities commission if its Common Shares are suspended from trading on or delisted from the Exchange or otherwise; and
- i) the Corporation competes with many Capital Pool Companies that are seeking suitable Qualifying Transactions. In addition, other Capital Pool Companies may have substantially greater financial and technical resources than the Corporation.

Key Executives

The Company is dependent on the services of key executives and a small number of highly skilled and experienced consultants and personnel, whose contributions to the immediate future operations of the Company are likely to be of importance. Due to the relatively small size of the Company, the loss of these persons or the Company's inability to attract and retain additional highly skilled employees or consultants may adversely affect its business and future operations. The Company does not currently carry any key man life insurance on any of its executives.

Potential Conflicts of Interest

Certain directors and officers of the Company are, and may continue to be, involved directly or indirectly in corporations, partnerships or joint ventures which are potential competitors of the Company. Situations may arise in connection with potential acquisitions in investments where the other interests of these directors and officers may conflict with the interests of the Company. Directors and officers of the Company with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulation, rules and policies.

Dividends

The Company has no earnings or dividend record and is unlikely to pay any dividends in the foreseeable future. Any future determination to pay dividends will be at the discretion of the Board of Directors of the Company and will depend on the Company's financial condition, results of operations, capital requirements and such other factors as the Board of Directors of the Company deem relevant.

Nature of the Securities

The purchase of the Company's securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in the Company's securities should not constitute a major portion of an investor's portfolio.

Off-Balance Sheet Transactions and Outlook

The Company has not entered into any significant off-balance sheet arrangements or commitments. The Company is presently seeking a Qualifying Transaction.

Approval

The Board of Directors of the Company approved the disclosures contained in this MD&A.

Other Information

Additional information related to the Company is available for viewing on SEDAR at www.sedar.com.