DURANGO RESOURCES INC.

(An Exploration Stage Company)

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE
QUARTER ENDED OCTOBER 31, 2015

1. Date of Report: December 28, 2015

2. Overall Performance

Nature of Business

The Company was incorporated on August 21, 2006 under the British Columbia Company Act and is listed on the TSX Venture Exchange under the symbol “DGO”. The Company’s business is the exploration of precious and base mineral resource properties within Canada. Accumulated losses for the Company to date total $4,571,730. At October 31, 2015 the Company is considered an exploration stage company. The head office and principal address of the Company is 248-515 West Pender Street, Vancouver, BC V6B 6H5.

3. Results of Operations

The Company is in the mineral exploration business and has no revenues. To date, the funding of the Company’s exploration activities has been provided by private and public equity offerings of its shares.

Business consultant expenses incurred during the quarter ended October 31, 2015 were $31,500 as compared to $31,175 for the same period ended October 31, 2014. Director’s fees decreased by 1,000 during the period ended October 31, 2015 over the same period as 2014 due to timing differences in the billing cycle. The main difference in the administrative expenses is due to listing and transfer fees increasing by $2,629 in the 2015 period ended October 31, 2015. The reason for the increase is due to the transactions requiring TSX Venture Exchange approvals and the related fees for the transactions. Legal fees were down by $7,413 in 2015 which was mostly due to a private placement which was conducted in the period ended October 31, 2014 with Sidex for the Field Exploration 2014 program and required legal review.

Current assets are $26,177 as at October 31, 2015, compared to $13,834 as at the year ended July 31, 2015. Total liabilities are $320,198 compared with $274,407 at the year ended July 31, 2015.

Selected Annual Information

	2015	**2014**	**2013**
Net Revenues	$ -	$ -	$ -
Net gain (loss)	(243,390)	(221,483)	(1,482,585)
Loss per share	$ (0.03)	$ (0.04)	$ (0.53)
Total assets	755,131	786,720	674,227
Total current liabilities	274,407	151,999	73,253
Cash dividends	$ -	$ -	$ -

The Company to wrote down exploration properties more aggressively in the 2013 year compared with 2015 and 2014 resulting in larger net losses.

EXPLORATION PROPERTIES

General

The Qualified Person(s) responsible for the technical aspects of this Management Discussion and Analysis (MD&A) is Peter Murray Dimmell, P.Geo, a former director and a current consultant with the Company.

Mayner's Fortune, British Columbia claims

On July 30th, 2015, the Company entered into an agreement for the acquisition of the Mayner's Fortune limestone property situated in northwestern British Columbia. The property is located in the Skeena Mining Division approximately 7.5 kilometers southwest of Terrace, B.C. and four kilometers west of Lakelse Lake on the Lakelse River. Consideration was the issuance of 1,400,000 common shares (issued) to two arms length vendors.

Smith Island, British Columbia claims

On August 14th, 2015 the Company entered into an agreement for the acquisition of the Smith Island past producing limestone property situated six kilometers southwest of Lelu Island, B.C. for a purchase price of $35,000 payable upon the closing of a private placement.

Albany Spurs, Ontario claims

On December 17, 2013, the Company entered into an agreement for the acquisition of the Albany Spurs property situated in Ontario. Consideration was the issuance of 250,000 common shares (issued). During the year ended July 31, 2015 the Company wrote off the capitalized cost of $25,000 as management decided to abandon the project to focus on higher priority targets.

Trove, Quebec claims

On August 25th, 2010 the Company signed an agreement for the acquisition of the Trove Property situated in Quebec. Consideration included a $12,000 cash payment on TSX approval, the issuance of 2,500,000 common shares (2,500,000 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 and TSX approval was received on this transaction. During the year ended July 31, 2012 the Company incurred $42,255 and during the year ended July 31, 2011 the Company completed $74,261 in exploration expenditures on this property.

On November 21, 2011, the Company reported via www.sedar.com the completion of its summer program which included geological mapping and sampling, magnetomer and VLF – EM surveys, and detailed humus grid sampling. Fourty nine outcrops were mapped and identified with 19 rock samples sent to analysis where they underwent 59 element ultra-trace ICP analysis. Anomalous values included 2 gold values of 9 and 24 ppb Au and one zinc value of 1290 ppm (0.13%). The anomalous values, although low, are located along the contact between a volcano-sedimentary belt and plutonic complexes. This area is particularity interesting to the Company since it has a high potential for fault-controlled gold-bearing deformation zones. A 26 line kilometer grid with 200 meter line spacing was established for the detailed humus sampling and magnetic and VLF-EM survey. A total of 1046 samples were taken at 25 meter stations using a soil auger, which were sent for 59 element ultra-trace ICP analysis. One sample, at L2+00/S7+75S, gave a highly anomalous gold value of 171 ppb Au. The VLF-EM survey identified four distinctive conductors all trending southwest to northeast. The Company wrote off the capitalized costs of $351,986 to a zero balance during the year ended July 31, 2013 to conform with the IFRS 6 Exploration and evaluation of mineral resources, paragraph 20 which states that if substantive expenditure on further exploration for and evaluation of mineral resources is not budgeted or planned an impairment should be considered. During the year ended July 31, 2014 the Company renewed the claims for an additional two years by spending $2,518 which was expensed to conform with IFRS principles. No additional work was spent on the Trove property during the 2015 year.

Decouverte, Quebec claims

On November 10, 2010 the Company announced an agreement for the acquisition of the Decouverte Property situated in Quebec. Consideration included the issuance of 2,750,000 common shares and a $200,000 work commitment to be completed one year from TSX approval received on November 29, 2010. The property is owned 100% by the Company. A news release was issued on November 24, 2011 via www.sedar.com which reported the completion of the 439 line kilometers, with flight lines flown east-west at 100m intervals. The Company hired a professional geophysicist to undertake a detailed interpretation of the survey data with seven areas of interest identified. The geology as mapped indicated a southwest to northeast trend while the airborne survey showed a strong geophysical magnetic anomaly over a 500 x 1,000 meter area perpendicular to the geology. During the year ended July 31, 2013, the Company incurred $138,196 in exploration expenditures which consisted of a survey of a property and analysis of the data in creation of drill targets. During the year ended July 31, 2014 the Company incurred an additional $70,633 in exploration expenses on the southern portion of the property which consisted of a till and rock channel sampling program. During the year ended July 31, 2015 the Company incurred $54,713 in exploration expenditures. Durango received a grant from the Institut National de la Recherche Scientifique (INRS) of Quebec to conduct deep geophysical surveys on the property. The INRS work commenced subsequent to the quarter ended October 31, 2015 and $15,000 deposit was paid during the quarter for the program.

NMX East, Quebec claims

During the year ended July 31, 2015, the Company staked 353 hectares directly adjoining the Nemaska Lithium Inc.'s Whabouchi lithium deposit in northern Quebec.

Garland Peninsula, Labrador claims

On October 2nd, 2015 the Company entered into an agreement for the acquisition of three claim blocks in Labrador. Consideration included 1,000,000 common shares (issued) to an arm's length vendor for a 100% interest.

4. Summary of Quarterly Results

	31-Oct	31-Jul	30-Apr	31-Jan	31-Oct	31-Jul	30-Apr	31-Jan
	Fiscal 2016	Fiscal 2015				Fiscal 2014		
Revenues	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net gain (loss)	(44,656)	(97,364)	(58,573)	(37,864)	(49,589)	(65,323)	(67,971)	(45,920)
Loss per share	$ (0.00)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)

Administrative expenses for the twelve months ended July 31, 2015 were $198,090, compared to $269,465 in the prior period ended July 31, 2014. Losses in the 8 quarters above remain fairly consistent with an exploration stage company with no revenues to date. The October 2015 quarter had administration expenses which were $4,933 less than the same period in 2014 which was mainly due to decreased legal fees of $7,413 despite the increase in filing fees of $2,629 in the 2015 quarter. The increase in net loss of $21,907 in the period ended July 31, 2015 over July 31, 2014 is mainly due to the realized loss on investments which were disposed of during the 2015 year.

5. Liquidity

The ability of the Company to meet its obligations as they come due is mainly dependent on its ability to continue to fund operations through equity and/or debt financings. To further the exploration as planned in the 2016 year it will be necessary for Durango to raise money in order to fund operations.

On September 18, 2015 the Company announced it has arranged a non-brokered private placement of up to $100,000. Each unit consists of one common share and one share purchase warrant exercisable at $0.10 for a period of one year from the closing date. On October 10, 2015 the Company announced it had closed a first tranche of the private placement announced on September 18, 2015. The Company issued 500,000 units at five cents per unit, and each unit consists of one common share and one share purchase warrant, which entitles the shareholder to purchase one common share at a price of ten cents until October 2, 2016. On October 16, 2015 the Company announced it had closed a second tranche of the private placement previously announced on September 18, 2015. The Company issued 750,000 units at five cents per unit and each unit consists of one common share and one share purchase warrant, which entitles the shareholder to purchase one common share at a price of ten cents for twelve months after closing.

The Company has a cash balance of $19,473 and GST recoverable of $6,704, and working capital deficit of $294,021 as at October 31, 2015.

Going Concern

The Company does not have sufficient working capital at this time to meet its ongoing financial obligations for the next twelve months and fund its business plan. It will require additional funds from financing to continue its operations. While management of the Company believes that it will be able to generate funding through equity financing, there can be no guarantee that the Company will be successful in obtaining sufficient financing to continue operations beyond this date.

6. Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed to as at October 31, 2015.

7. Transactions with Related Parties

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 October 31,		2015		2014
Consulting fees with a company controlled by the President of the Company	$	25,500	$	25,500
Consulting fees with a Company controlled by the CFO of the Company		3,000		3,000
Rental fees with a company with a common director of the Company		2,625		2,625
Share based payments to President, CFO and other directors		-		-
Director's Fees		2,000		3,000
	$	33,125	$	34,125

(1) A company controlled by Marcy Kiesman, President and CEO of the Company.
(2) A company controlled by Veronica Liu, CFO of the Company.
(3) A company with a common director.

As at October 31, 2015, amounts unpaid to related parties were owed to Steveston Finance for management services in the amount of $165,575, Kaizen Synergy for management services in the amount of $19,000, director fees to an independent director of $7,000 and rent to PCMI of $9,187. These amounts total $200,538 and remain on the balance sheet as due to a related party. The amounts due are non-interest bearing, unsecured, and due on demand.

8. Critical Accounting Estimates

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 the reported expenses during the period. Actual results could differ from these 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 the recoverability of the exploration and evaluation assets.
ii) The valuation of share-based compensation and other non-cash share-based payments.
iii) The estimated amounts of reclamation and environmental obligations.

9. Financial Instruments and Other Instruments

(i) Financial assets

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Fair value through profit or loss ("FVTPL")

A financial asset is classified as FVTPL if it is classified as held-for-trading or is designated as such upon initial recognition. Financial assets are designated as FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Financial assets designated as FVTPL are measured at fair value, and changes therein are recognized in profit or loss. The Company does not have any financial assets classified as FVTPL.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Available-for-sale financial assets

Available-for-sale (AFS) financial assets are non-derivatives that are either designated as available-for-sale or not classified in any of the other financial asset categories. Changes in the fair value of AFS financial assets other than impairment losses are recognized as other comprehensive income and classified as a component of equity. AFS assets include marketable securities.

Management assesses the carrying value of AFS financial assets at least annually and any impairment charges are recognized in profit or loss. When financial assets classified as available-for-sale are sold, the accumulated fair value adjustments recognized in other comprehensive income are included in profit and loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. Loans and receivables are initially recognized at fair value and subsequently carried at amortized cost less any impairment. Loans and receivables are comprised of cash as well as amounts receivables.

Held-to-maturity

Held-to-maturity financial assets are measured at amortized cost. The Company does not have any financial assets classified as held-to-maturity.

Impairment of financial assets

The Company assesses at each reporting date whether a financial asset is impaired.

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the financial asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

In relation to trade receivables, a provision for impairment is made and an impairment loss is recognized in profit and loss when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from accumulated other comprehensive income (loss) to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognized in profit or loss.

(ii) Financial liabilities

The Company classifies its financial liabilities in the following categories: other financial liabilities and FVTPL financial liabilities.

Other financial liabilities

Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit and loss over the period to maturity using the effective interest method.

Other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and accrued liabilities and due to related parties.

FVTPL financial liabilities

FVTPL financial liabilities including derivatives are initially recognized at their fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at each reporting period with changes in the fair value recognized in profit and loss. Derivative financial liabilities include warrants issued by the Company denominated in a currency other than the Company's functional currency. The Company does not have any financial liabilities classified as FVTPL.

10. Other MD&A Requirements

Disclosure of Outstanding Share Data

Authorized Capital:
Unlimited common shares without par value

Issued Common Shares:	Number
Balance, October 31, 2015	13,221,556
Balance, December 28, 2015	15,224,056

Commitments:

Options: 910,000 outstanding as at October 31, 2015 and 910,000 as at December 28, 2015.
Warrants: 7,431,771 outstanding as at October 31, 2015 and 7,431,771 as at December 28, 2015.

As at December 28, 2015:

a. 15,224,056 common shares were issued and outstanding
b. Option balances are 260,000 exercisable at $0.15, expiring March 5, 2017, 550,000 exercisable at $0.05 expiring March 12, 2017 and 100,000 exercisable at $0.05 expiring September 18, 2016.
c. Warrant balances are 3,404,571 and 2,535,000 exercisable at $0.10, expiring June 10, 2016 and June 28, 2016 respectively, 242,200 exercisable at $0.10 expiring September 18, 2016 and 500,000 exercisable at $0.10 expiring October 1st and 750,000 expiring October 15th, 2016.

11. Corporate Governance

The Company's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders.

The current Board of Directors is comprised of four individuals, two of whom are neither an officer nor employee of the Company and is unrelated and independent from Management. The audit committee is comprised of three directors, two of whom are independent from management.

The audit committee fulfills its role of ensuring the integrity of the reported information through its review of the interim and audited financial statements prior to their submission to the Board of Directors for approval. The audit committee meets with management quarterly to review the financial statements including the MD&A and to discuss other financial, operating and internal control matters.

12. New Accounting Pronouncements – newly adopted

The Company adopted the following accounting standards on August 1, 2014. The adoption of these accounting standards did not have any material impact on the Company's financial statements.

IAS 32 Financial Instruments: Presentation

IAS 32 amendment provides clarification on the application of offsetting rules.

IAS 36 Impairment of Assets

On May 29, 2013, the IASB made amendments to the disclosure requirements of IAS 36, requiring disclosure, in certain instances, of the recoverable amount of an asset or cash generating unit, and the basis for the determination of fair value less costs of disposal, when an impairment loss is recognized or when an impairment loss is subsequently reversed.

IFRS 2 Share-based Payment

The amendment clarifies vesting conditions by separately defining a performance condition and a service condition, both of which were previously incorporated within the definition of a vesting condition.

IAS 24 Related Party Disclosures

The amendments to IAS 24 clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation.

13. New Accounting Pronouncements – not yet adopted

The following standards and interpretations have been issued but are not yet effective and have not been early adopted by the Company and the Company has yet to assess the full impact:

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard will be effective for the Company for the year ended July 31, 2019.

IFRS 15 Revenue from Contracts with Customers

The IASB issued IFRS 15, Revenue from Contracts with Customers, which provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service. The standard will be effective for the Company for the year ended July 31, 2019.

14.Subsequent Events

- On November 5, 2015, the Company issued 2,002,500 shares to settle $100,125 in debt.
- On December 3, 2015, the Company announced the appointment of Miss Twila Jensen as independent director for the Company.