

DURANGO RESOURCES INC.
CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited)

FOR THE THREE AND SIX MONTH PERIOD ENDED JANUARY 31, 2024
(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)

	Jan 31, 2024	July 31, 2023
Assets		
Current		
Cash	\$ 174,026	\$ 615,599
Amounts receivable	58,321	6,601
	<u>232,348</u>	<u>622,200</u>
Exploration and evaluation assets (Note 4)	1,344,394	927,372
Reclamation bond	10,000	10,000
Total assets	\$ 1,586,741	\$ 1,559,572
Liabilities and Shareholders' Equity		
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 108,917	\$ 27,885
Due to related parties (Note 7)	159,001	108,678
Flow-through premium (Notes 3 and 5)	332,329	332,329
	<u>600,247</u>	<u>468,892</u>
Shareholders' equity		
Share capital (Note 5)	10,494,239	10,494,239
Contributed surplus (Note 5)	1,210,038	1,210,038
Deficit	(10,717,783)	(10,613,597)
	<u>986,494</u>	<u>1,090,680</u>
Total liabilities and shareholders' equity	\$ 1,586,741	\$ 1,559,572

Nature of business and going concern (Note 1)
 Commitments (Notes 3 and 8)
 Subsequent events (Note 10)

Approved and authorized by the Board on April 2, 2024.

"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)

	Three months ended, January 31,		Six months ended, January 31,	
	2024	2023	2024	2023
Administrative expenses				
Business consultants (Note 7)	\$ 30,000	\$ 30,000	\$ 61,500	\$ 60,500
Directors' fees (Note 7)	4,000	4,000	8,000	8,000
Internet and website	1,170	1,920	2,340	5,340
Investor relations and conferences	-	-	1,845	8,439
Listing and transfer agent fees	9,069	24,708	9,219	33,376
Meals and entertainment	275	471	500	874
Office and miscellaneous	2,481	1,838	4,619	7,296
Professional fees (Note 7)	6,000	41,584	13,176	62,179
Travel	966	282	2,986	784
Loss and comprehensive loss for the period	\$ (53,961)	(104,804)	\$ (104,186)	\$ (186,787)
 Weighted average number of shares outstanding - basic and diluted	 94,206,872	 94,206,872	 94,206,872	 94,206,872

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 six months ended, January 31,	
	2024	2023
Cash provided by (used in)		
Operating activities		
Net loss for the period	\$ (104,186)	\$ (186,789)
Changes in non-cash working capital balances		
Amounts receivable	(51,720)	(16,106)
Due to related parties	50,323	57,270
Accounts payable and accrued liabilities	81,032	8,691
	<u>(24,551)</u>	<u>(136,934)</u>
Investing activities		
Exploration and evaluation costs	(417,022)	(178,088)
	<u>(417,022)</u>	<u>(178,088)</u>
Financing activities		
Proceeds from issuance of common shares, net of share issuance costs		861,900
	<u>-</u>	<u>861,900</u>
Increase (decrease) in cash	(441,573)	546,878
Cash, beginning of period	<u>615,599</u>	<u>289,881</u>
Cash, end of period	<u>\$ 174,026</u>	<u>\$ 836,759</u>

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, 2022	82,770,205	9,968,206	1,200,838	(10,324,899)	844,145
Shares issued for flow-through private placement	8,166,667	735,000	-	-	735,000
Shares issued for non flow-through private placement	1,770,000	88,500	-	-	88,500
Shares issued for exploration and evaluation assets	1,500,000	82,500	-	-	82,500
Share issuance cost	-	(53,300)	9,200	-	(44,100)
Net loss for the period				(186,789)	(186,789)
Balance, January 31, 2023	94,206,872	10,820,906	1,210,038	(10,511,688)	1,519,256
Flow-through premium	-	(326,667)	-	-	(326,667)
Net loss for the period	-	-	-	(101,909)	(101,909)
Balance, July 31, 2023	94,206,872	10,494,239	1,210,038	(10,613,597)	1,090,680
Net loss for the period	-	-	-	(104,186)	(104,186)
Balance, January 31, 2024	94,206,872	10,494,239	1,210,038	(10,717,782)	986,494

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 January 31, 2024
(Unaudited)

1. Nature of Business and Going Concern

Durango Resources Inc. (the “Company” or “Durango”) was incorporated on August 21, 2006 under the British Columbia Business Corporations Act and is listed on the TSX Venture Exchange (“TSXV”) under the symbol “DGO”. The Company is engaged in the business of exploring for precious and base minerals in Canada. At January 31, 2024 the Company is considered an exploration stage company. The head office and principal address of the Company is PO Box 31880, Richmond, BC, V7E 0B5.

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 January 31, 2024, the Company has not recognized revenue, has a working capital deficiency of \$367,899 (July 31, 2023 – \$153,308), has accumulated operating losses of \$10,717,783 (July 31, 2023 – \$10,613,597) since its inception, and has not yet determined whether its properties contain mineral reserves that are economically recoverable.

The Company’s objective when managing capital is to safeguard its ability to continue as a going concern such that it can support continued exploration and evaluation of its assets, pursue the acquisition and exploration of other mineral interests, and to maintain a flexible capital structure for its projects for the benefit of its shareholders and other stakeholders. The Company is not exposed to externally imposed capital requirements.

The continuation of the Company is dependent upon the continuing financial support of shareholders, obtaining long-term financing to complete exploration for the existence of economically recoverable reserves. While the Company is using its best efforts to achieve the above plans, there is significant doubt regarding the outcome of these matters. The Company will need to raise additional capital to conduct any further exploration. There can be no assurance as to the availability or terms upon which such financing might be available. These material uncertainties cast significant doubt about the ability of the Company to continue as a going concern.

The Company’s business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent regional conflicts and potential economic global challenges such as the risk of higher inflation and energy crisis, may create further uncertainty and risk with respect to the prospects of the Company’s business.

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.

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 January 31, 2024
(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 January 31, 2024 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.
(An Exploration Stage Company)
NOTES TO THE FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
For the Period Ended January 31, 2024
(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 enters into option agreements for the acquisition of an interest in exploration and evaluation assets which provide 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.

Durango Resources Inc.
(An Exploration Stage Company)
NOTES TO THE FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
For the Period Ended January 31, 2024
(Unaudited)

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, 2023, as filed on www.sedar.com.

Durango Resources Inc.
(An Exploration Stage Company)
NOTES TO THE FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
For the Period Ended January 31, 2024
(Unaudited)

4. Exploration and Evaluation Assets

	Mayner's Fortune	BC Minerals	Trove	Decouverte	Nemaska Claims	
	BC		Quebec			Total
Balance, July 31, 2022	121,323	-	-	508,423	90,268	720,014
Acquisition costs						
Cash payments	-	10,000	-	-	-	10,000
Shares issued	-	82,500	-	-	-	82,500
Current year additions	-	92,500	-	-	-	92,500
Deferred exploration costs						
Assay & Exploration	2,388	2,784	8,570	138,676	17,816	170,234
Current year additions	2,388	2,784	8,570	138,676	17,816	170,234
Tax credit and cost recovery	-	-	-	(38,217)	(8,589)	(46,806)
Write off of costs	-	-	(8,570)	-	-	(8,570)
Balance, July 31, 2023	\$ 123,711	\$ 95,284	\$ -	\$ 608,882	\$ 99,495	\$ 927,372
Deferred exploration costs						
Assay & Exploration	3,186	-	-	10,884	398,953	413,022
Professional Services	4,000	-	-	-	-	-
Current year additions	7,186	-	-	10,884	398,953	417,022
Balance, January 31, 2024	\$ 130,897	\$ 95,284	\$ -	\$ 619,766	\$ 498,448	\$ 1,344,394

Durango Resources Inc.
(An Exploration Stage Company)
NOTES TO THE FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
For the Period Ended January 31, 2024
(Unaudited)

4. Exploration and Evaluation Assets (continued)

Mayner's Fortune claims, British Columbia

The Company has 100% ownership of the Mayner's Fortune claims in 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 January 31, 2024, \$7,186 in exploration expenditures was incurred on the property.

BC Minerals, British Columbia

In November 2022, the Company acquired land packages in the Babine copper-gold district of west-central British Columbia through cash payment of \$10,000 (paid) and issuance of 1,500,000 common shares (issued and valued at \$82,500). The Company has 100% ownership of these claims. During the year ended July 31, 2023, \$92,500 in acquisition costs were incurred for the property as well as \$2,784 in exploration expenditures. During the period ended January 31, 2024, there \$nil in exploration expenditures incurred 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. During the period ended January 31, 2024, \$498,448 in exploration expenditures were incurred.

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, 2022, \$18,752 (2021 - \$939,874) in exploration expenditures were completed on the property. As of July 31, 2022, the property was written down to \$nil as management had no future plans for the project. During the period ended January 31, 2024, there \$nil in exploration expenditures incurred for the property.

Decouverte claims, Quebec

On November 10, 2010, the Company entered into an agreement for the acquisition of a 100% interest in 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 January 31, 2024, \$10,884 in exploration expenditures were completed on the property.

Durango Resources Inc.
(An Exploration Stage Company)
NOTES TO THE FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
For the Period Ended January 31, 2024
(Unaudited)

5. Share Capital

Authorized: Unlimited number of common shares without par value

- a. During the period ended January 31, 2024 there were no share transactions.
- b. During the year ended July 31, 2023, the Company:
 - (i) Completed a non-brokered private placement of 8,166,667 flow-through units at a price of \$0.09 per unit for gross proceeds of \$735,000. Each unit consisted of one common share and one-half share purchase warrant exercisable at \$0.18 for a period of two years, expiring December 28, 2024. A warrant reserve of \$nil and a flow-through premium of \$326,667 were recognized upon the issuance.
 - (ii) Completed a non-brokered private placement of 1,770,000 non flow-through units at a price of \$0.05 per unit for gross proceeds of \$88,500. Each unit consisted of one common share and one-half share purchase warrant exercisable at \$0.075 for a period of two years, expiring January 26, 2025. A warrant reserve of \$nil was recognized upon issuance.
 - (iii) Acquired interests in a BC Minerals Property in exchange for \$10,000 and a total of 1,500,000 common shares at a price of \$0.055 per share.
 - (iv) Paid cash finders' fee in the amount of \$44,100 and issued 490,000 broker warrants valued at \$9,200 in connection with the aforementioned private placements. Each broker warrant is exercisable at \$0.18 for a period of two years. The broker warrants were valued using the Black-Scholes valuation model with the following assumptions: estimated life – 2 years, share price - \$0.05, exercise price - \$0.18, risk-free rate – 4.02%, estimated annual rate of dividends – 0%, and estimated annual volatility – 123.29% (based on the historical volatilities of the Company).

Durango Resources Inc.
(An Exploration Stage Company)
NOTES TO THE FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
For the Period Ended January 31, 2024
(Unaudited)

6. 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 Company 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 policies of the TSXV. There were no stock options granted during the years ended July 31, 2023 and 2022. During the three month period ended January 31, 2024, the Company granted a total of 3,000,000 stock options. The fair value of these options was estimated on the date of grant using the Black-Scholes option valuation model with the following assumptions:

<u>January 31, 2024</u>	<u>Weighted Average</u>
Estimated life	5 years
Share price at date of grant	\$0.020
Option exercise price	\$0.050
Risk-free interest rate	1.00%
Estimated annual volatility	100%
Option fair value	\$0.013
Fair value	\$39,000

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, 2022 and 2023	5,000,000	\$ 0.110
Expired/Cancelled/Forfeited	(800,000)	0.200
Granted	3,000,000	0.050
Outstanding January 31, 2024	7,200,000	\$ 0.087

Durango Resources Inc.
(An Exploration Stage Company)
NOTES TO THE FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
For the Period Ended January 31, 2024
(Unaudited)

5. Share Capital (continued)

c. Stock options (continued)

A summary of the Company's options outstanding and exercisable at January 31, 2024 is as follows:

Number of options outstanding	Number of options exercisable	\$ per share	Expiry date
900,000	900,000	\$0.100	February 19, 2025
800,000	800,000	\$0.100	June 29, 2025
2,300,000	2,300,000	\$0.125	September 9, 2025
200,000	200,000	\$0.100	January 18, 2026
3,000,000	3,000,000	\$0.050	October 23, 2028
7,200,000	7,200,000	\$0.087	

d. Warrants

Warrants Outstanding

	Number of Warrants	Weighted Average Exercise Price
Outstanding July 31, 2022	18,895,340	0.140
Expired	-	-
Issued	5,458,334	0.163
Outstanding July 31, 2023	24,353,674	\$ 0.146
Expired	(15,438,458)	0.150
Issued		
Outstanding Jan 31, 2024	8,915,215	\$ 0.141

A summary of the Company's warrants outstanding and exercisable at January 31, 2024 is as follows:

Number of warrants outstanding	\$ per share	Expiry date
3,456,882	\$0.100	May 23, 2024
4,573,333	\$0.180	December 27, 2024
885,000	\$0.075	January 26, 2025
8,915,215	\$0.141	

Durango Resources Inc.
(An Exploration Stage Company)
NOTES TO THE FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
For the Period Ended January 31, 2024
(Unaudited)

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 need to raise additional funds and/or sell one or more assets. 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 January 31, 2024. 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

For the period ended January 31,	2024	2023
Consulting fees with a company controlled by the President of the Company	\$ 60,000	\$ 60,000
Consulting fees with the CFO of the Company	12,000	12,000
Director's fees	8,000	8,000
	\$80,000	\$80,000

As at January 31, 2024 and 2023, 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.

Durango Resources Inc.
(An Exploration Stage Company)
NOTES TO THE FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
For the Period Ended January 31, 2024
(Unaudited)

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. In the case of a change of control, the officer is entitled to an amount equal to \$175,000.

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 January 31, 2024, 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 January 31, 2024 the Company had a cash balance of \$174,026, GST/QST recoverable of \$58,321, and a working capital deficiency of \$367,899.

To conduct any exploration in the 2024 year and maintain corporate capacity it will be necessary for Durango to raise money through share issuances, suitable debt financing and/or other financing arrangements. While the Company has been successful in raising equity in the past, there can be no guarantee that management's efforts to raise additional funds will be successful.

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(An Exploration Stage Company)
NOTES TO THE FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
For the Period Ended January 31, 2024
(Unaudited)

9. Financial Instruments (cont.)

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.