DURANGO GOLD CORP.
FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Durango Gold Corp.:

Opinion on the Financial Statements

We have audited the accompanying balance sheet of Durango Gold Corp. (“the Company”) as of December 31, 2020, the related statements of operations, stockholders’ deficit, and cash flows for the period from inception on November 3, 2020 through December 31, 2020, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020, and the results of its operations and its cash flows for the period from inception on November 3, 2020 through December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

Explanatory Paragraph Regarding Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has suffered losses from operations and has a net capital deficiency that raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) related to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgements. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Going Concern

Critical Audit Matter Description

As described further in Note 2 to the financial statements, the Company has incurred a loss from inception through December 31, 2020 and expects to incur additional losses in the future. The ability of the Company to continue as a going concern is dependent on raising capital to fund its initial business plan and ultimately to attain profitable operations. Accordingly, the Company has determined that these factors raise substantial doubt as to the Company's ability to continue as a going concern for a period of one year from the issuance of these financial statements. Management intends to continue to fund its business by way of private placements and advances from related parties as may be required, in order satisfy the Company's obligations as they come due for at least one year from the financial statement issuance date. However, the Company has concluded that these plans do not alleviate the substantial doubt related to its ability to continue as a going concern.

How the Critical Audit Matter Was Addressed in the Audit

We determined the Company's ability to continue as a going concern is a critical audit matter due to the estimation and uncertainty regarding the Company's available capital and the risk of bias in management's judgments and assumptions in their determination. Our audit procedures related to the Company's assertion on its ability to continue as a going concern included the following, among others:

- We inquired of Company management and reviewed company records to assess whether there are additional factors that contribute to the uncertainties disclosed.
- We assessed whether the Company's determination that there is substantial doubt about its ability to continue as a going concern was adequately disclosed.
- We performed testing procedures such as analytical procedures to identify conditions and events that indicate there could be substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time.
- We reviewed and evaluated management's plans for dealing with adverse effect of these conditions and events.

/s/ Sadler, Gibb & Associates, LLC

We have served as the Company's auditor

since 2021. Draper, UT

April 30, 2021

DURANGO GOLD CORP.
BALANCE SHEET

		December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	$	100
Prepaid expenses		1,639
Total current assets		1,739
Total assets	$	1,739
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable and accrued liabilities	$	31,714
Related party payables		2,600
Total current liabilities		34,314
Total liabilities		34,314
Stockholders' deficit:		
Preferred stock, par value $0.0001, 10,000,000 shares authorized; 0 issued and outstanding		-
Common stock, par value $0.0001, 490,000,000 shares authorized; 9,750,000 shares issued and outstanding as of December 31, 2020		975
Additional paid-in capital		(975)
Accumulated deficit		(32,575)
Total stockholders' deficit		(32,575)
Total liabilities and stockholders' deficit	$	1,739

The accompanying footnotes are an integral part of the financial statements.

DURANGO GOLD CORP.
STATEMENT OF OPERATIONS

	For the Period from Inception (November 3, 2020) Through December 31, 2020
Operating expenses:	
General and administrative	$ 32,575
Loss from operations	(32,575)
Loss before income taxes	(32,575)
Provision for income taxes	-
Net loss	$ (32,575)
Basic and diluted net loss per common share	$ (0.00)
Weighted-average common shares outstanding, basic and diluted	9,750,000

The accompanying footnotes are an integral part of the financial statements.

DURANGO GOLD CORP.
STATEMENT OF STOCKHOLDERS' DEFICIT

	Common Stock		Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Deficit	Deficit
Balance at November 3, 2020 (Inception)	-	-	-	-	-
Issuance of founders' shares	9,750,000	975	(975)	-	-
Net loss	-	-	-	(32,575)	(32,575)
Balance at December 31, 2020	9,750,000	$ 975	$ (975)	$ (32,575)	$ (32,575)

The accompanying footnotes are an integral part of the financial statements.

DURANGO GOLD CORP.
STATEMENT OF CASH FLOWS

		For the Period from Inception (November 3, 2020) Through December 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$	(32,575)
Adjustments to reconcile net loss to net cash used in operating activities:		
Expenses paid on behalf of the Company by related parties		2,500
Changes in operating assets and liabilities:		
Prepaid insurance		(1,639)
Accounts payable and accrued liabilities		31,714
Net cash used in operating activities		-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from related party payables		100
		100
NET CHANGE IN CASH		100
Cash - Beginning of period		-
Cash - End of period	$	100
SUPPLEMENTAL CASH FLOW INFORMATION:		
Non-cash investing and financing activities:		
Issuance of founders shares	$	975

The accompanying footnotes are an integral part of the financial statements.

Note 1 — Nature of Operations, Basis of Presentation and Summary of Significant Accounting Policies

Durango Gold Corp. (the "Company" or "Durango Gold") was incorporated in Nevada on November 3, 2020. The Company was formed for the purpose of mining exploration.

As of December 31, 2020, the Company had not commenced any operations. All activity for the period from November 3, 2020 (inception) through December 31, 2020 relates to the Company's formation and the private placement offering ("Private Offering")(See Note 6). The Company has selected December 31 as its fiscal year end.

The summary of significant accounting policies presented below is designed to assist in understanding the Company's consolidated financial statements. Such consolidated financial statements and accompanying notes are the representations of the Company's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America in all material respects and have been consistently applied in preparing the accompanying financial statements.

The significant accounting policies adopted by the Company are as follows:

Use of Estimates

The preparation of financial statement in conformity with GAAP requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the financial statement, which management considered in formulating its estimate, could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ significantly from those estimates.

Cash and cash equivalents

The Company considers all short-term investments with an original maturity of three months or less when purchased to be cash equivalents. As of December 31, 2020, we had no cash balances in bank deposit accounts that exceeded federally insured limits.

Exploration and Development Costs

Costs of acquiring mining properties and any exploration and development costs are expenses as incurred unless proven and probable reserves exist and the property is a commercially mineable property in accordance with FASB ASC 930, Extractive Activities – Mining. Mine development costs incurred either to develop new gold and silver deposits, expand the capacity of operating mines, or to develop mine areas substantially in advance of current production are capitalized. Costs incurred to maintain current production or to maintain assets on a standby basis are charge to operation s. Costs of abandoned projects are charged to operation upon abandonment. The Company evaluations, at least quarterly, the carrying value of capitalized mining costs and related property, plan and equipment costs, if any, to determine if these costs are in excess of their net realizable value and if a permanent impairment needs to be recorded. The periodic evaluation of carrying value of capitalized costs and any related property, plant and equipment costs are based upon expected future cash flow and/or estimated salvage value.

The Company capitalizes costs for mining properties by individual property and defers such costs for later amortization only if the prospects for economic production are reasonably certain.

Capitalized costs are expensed in the period when the determination has been made that economic production does not appear reasonably certain.

Mining Rights and Properties

We defer acquisitions costs until we determine the viability of the property. Since we do not have proven and probable reserves as defined by Securities and Exchange Commission ("SEC") Industry Guide 7, exploration expenditures are expensed as incurred. We expense care and maintenance costs as incurred.

We review the carrying value of our mineral rights and properties for impairment whenever there are negative indicators of impairment. Our estimate of the gold price, mineralized materials, operating capital, and reclamation costs are subject to risks and uncertainties affecting the recoverability of our investment in the mineral claims and properties. Although we have made our best, most current estimate of these factors, it is possible that near term changes could adversely affect estimated net cash flows from our mineral claims and properties and possibly require future asset impairment write-downs.

Where estimates of future net operating cash flows are not available and where other conditions suggest impairment, we assess recoverability of carrying value from other means, including net cash flows generated by the sale of the assets. Wee use the units-of-production method to deplete the mineral rights and properties.

Mineral claim costs

We account for costs incurred to acquire, maintain and explore mineral properties as a charge to expense in the period incurred until the time that a proven mineral resource is established, at which point development of the mineral property would be capitalized. Currently, we do not have any mineral properties.

Income Taxes

The Company follows the asset and liability method of accounting for income taxes under ASC 740, "Income Taxes." Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that included the enactment date. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

ASC 740 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. The Company recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. There were no unrecognized tax benefits and no amounts accrued for interest and penalties as of December 31, 2020. The Company is currently not aware of any issues under review that could result in significant payments, accruals or material deviation from its position. The Company is subject to income tax examinations by major taxing authorities since inception.

Net income (loss) per share

Basic net income (loss) per share is computed by dividing net loss attributable to common shareholders by the weighted average number of shares of common stock outstanding during the period. Diluted net income (loss) per share takes into consideration shares of common stock outstanding (computed under basic income or loss per share) and potentially dilutive shares of common stock that are not anti-dilutive. For the period ended December 31, 2020, there are no potentially dilutive shares.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of a cash account in a financial institution, which, at times, may exceed the Federal Depository Insurance Coverage of $250,000. As of December 31, 2020, the Company has not experienced losses on this account and management believes the Company is not exposed to significant risks on such account.

Fair Value of Financial Instruments

The fair value of the Company's assets and liabilities, which qualify as financial instruments under ASC 820, "Fair Value Measurements and Disclosures," approximates the carrying amounts represented in the accompanying balance sheet, primarily due to their short-term nature.

Fair Value Measurements

The Company follows the guidance in ASC 820 for its financial assets and liabilities that are re-measured and reported at fair value at each reporting period, and non-financial assets and liabilities that are re-measured and reported at fair value at least annually.

The fair value of the Company's financial assets and liabilities reflects management's estimate of amounts that the Company would have received in connection with the sale of the assets or paid in connection with the transfer of the liabilities in an orderly transaction between market participants at the measurement date. In connection with measuring the fair value of its assets and liabilities, the Company seeks to maximize the use of observable inputs (market data obtained from independent sources) and to minimize the use of unobservable inputs (internal assumptions about how market participants would price assets and liabilities). The following fair value hierarchy is used to classify assets and liabilities based on the observable inputs and unobservable inputs used in order to value the assets and liabilities:

Level 1: Quoted prices in active markets for identical assets or liabilities. An active market for an asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Observable inputs other than Level 1 inputs. Examples of Level 2 inputs include quoted prices in active markets for similar assets or liabilities and quoted prices for identical assets or liabilities in markets that are not active.

Level 3: Unobservable inputs based on our assessment of the assumptions that market participants would use in pricing the asset or liability.

Our financial instruments consist of cash and cash equivalents, prepaid expenses, accounts payable, accrued liabilities, and related party advances. It is management's opinion that we are not exposed to significant interest, currency or credit risks arising from these financial instruments. With the exception of the derivative liability, the fair value of these financial instruments approximates their carrying values based on their short maturities or for long-term debt based on borrowing rates currently available to us for loans with similar terms and maturities.

Recent Accounting Pronouncements

Management does not believe that any recently issued, but not yet effective, accounting pronouncements, if currently adopted, would have a material effect on the Company's financial statement.

Note 2 –Going Concern

As of December 31, 2020, the Company had $100 in its operating bank account and negative working capital of $32,575. The Company's liquidity needs up to December 31, 2020 had been satisfied through related party payables of $2,600 from our founding shareholders, which includes payments made on behalf of the Company totaling $2,500.

The financial statements have been prepared assuming that the Company will continue as a going concern. As of December 31, 2020, the Company has yet to achieve profitable operations and is dependent on its ability to raise capital from stockholders or other sources to sustain operations and to ultimately achieve viable operations. The financial statements do not include any adjustments that might result from the outcome of these uncertainties. These factors raise substantial doubt about the Company's ability to continue as a going concern for a period of one year from the issuance of these financial statements.

The Company's ability to continue in existence is dependent on the Company's ability to develop the Company's businesses and to achieve profitable operations. Since the Company does not anticipate achieving profitable operations and/or adequate cash flows in the near term, management will continue to pursue additional equity financing through private placements of the Company's common stock.

COVID-19 Pandemic

Management continues to evaluate the impact of the COVID-19 pandemic and has concluded that the specific impact is not readily determinable as of the date of the financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Note 3 - Related Party Transactions

Related Party Payables

As of December 31, 2020, aggregate related party payables due to the Company's founding shareholders totaled $2,600. These advances have no specified repayment terms and bear no interest.

Note 4 - Stockholder's Deficit

On November 9, 2020, the Company authorized the issuance of 500,000,000 shares which includes 490,000,000 shares of common stock, par value $0.0001 per share ("Common Stock"), and 10,000,000 shares of "blank check" preferred stock par value $0.0001 per share ("Preferred Stock").

Preferred Stock

As of December 31, 2020, there were no shares of Preferred Stock authorized, issued or outstanding.

Common Stock

During the period from inception through December 31, 2020, the Company issued 9,750,000 as founders' shares. As of December 31, 2020, there were 9,750,000 shares of common stock issued and outstanding.

Note 5 – Income Taxes

The Company accounts for income taxes under ASC 740 - Income Taxes ("ASC 740"), which provides for an asset and liability approach of accounting for income taxes. Under this approach, deferred tax assets and liabilities are recognized based on anticipated future tax consequences, using currently enacted tax laws, attributed to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts calculated for income tax purposes.

Significant components of the Company's deferred tax assets as of December 31, 2020 are summarized below.

	December 31, 2020
Deferred tax assets:	
Net operation loss carryforwards	$ 7,000
Total deferred tax asset	7,000
Valuation allowance	(7,000)
	$ -

The Company recognizes deferred tax assets to the extent that it believes that these assets are more likely than not to be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. The Company assessed the need for a valuation allowance against its net deferred tax assets and determined a full valuation allowance is required due to taxable loss for the year ended December 31, 2020. The Company has no history of generating taxable income. Therefore, a valuation allowance of $7,000 was recorded as of December 31, 2020. Deferred tax assets were calculated using the Company's combined effective tax rate, which it estimated to be 21%. The effective rate is reduced to 0% for 2020 due to the full valuation allowance on its net deferred tax assets.

The Company's ability to utilize net operating loss carryforwards will depend on its ability to generate adequate future taxable income. Future utilization of the net operating loss carry forwards is subject to certain limitations under Section 382 of the Internal Revenue Code. As of December 31, 2020, the Company had net operating loss carryforwards available to offset future taxable income in the amounts of approximately $33,000.

The Company has evaluated its income tax positions and has determined that it does not have any uncertain tax positions. The Company will recognize interest and penalties related to any uncertain tax positions through its income tax expense.

Note 6 - Subsequent Events

Private Placement Offering

Subsequent to December 31, 2020, the Company entered into Subscription Agreements with various subscribers (each, a "Subscriber") in connection with the private placement offering (the "Private Offering") of the Company. Pursuant to the Offering, the Company is seeking to raise up to Two Million Dollars ($2,000,000) through the sale of 2,500,000 shares of the Company's common stock for $0.80 per share.

As of the date of this report, the Company had received an aggregate of $512,00 for the purchase of 721,250 common shares of the Company in connection with the Offering as well as $35,000 in stock subscriptions receivable.

The shares of Common Stock being subscribed for pursuant to this Agreement have not been registered under the Securities Act of 1933, as amended (the "Securities Act"). The Offering is being made exclusively to a select few "accredited investors," as defined in Regulation D under the Securities Act, known to the Company.

Agreement – Mining Activities

On February 9, 2021, the Company entered into an agreement with Silverstone Resources, S.A. de C.V. ("Silverstone"), related to the development of mining activities, whereby Silverstone intends to contribute mining concessions and Durango intends to contribute a total of $7 million dollars to form Cielo Azul Resources, S.A de C.V. ("Ciel Azul"). Silverstone, together with Claudia Venegas Rangel and Rubén Pérez Retes, will have 55% (fifty-five percent) of the total shares issued by Cielo Azul, and Durango will have 45% (forty-five percent) of the shares, upon completion of the agreement terms. As of the date of the issuance of these financial statements, the Company does not own any interest in Cielo Azul.

2021 Stock Incentive Plan

On March 20, 2021, we established the Durango Gold Corp. 2021 Stock Incentive Plan, or the Plan. The purpose of the Plan is to offer selected Employees, Consultants and Outside Directors the opportunity to acquire equity in the Company through awards of Options (which may constitute incentive stock options (ISOs) or non-statutory stock options (NSOs)) and the award or sale of Shares. Only employees shall be eligible for the grant of ISOs. Employees, consultants and Outside directors shall be eligible for the grant of NSOs or the award or sale of shares.

The maximum number of shares of common stock which may be issued under the Plan from time to time is 2,000,000. Each award or sale of shares under the Plan (other than upon exercise of an Option) shall be evidenced by a Restricted Stock Award Agreement between the purchaser and the Company. Each grant of a stock option under the Plan shall be evidenced by a Stock Option Agreement between the optionee and the Company. The term of a stock option shall in no event exceed ten (10) years from the date of grant.

As of the date of this offering statement, there are 1,100,000 shares of non-statutory stock options granted on March 20, 2021 (the "Vesting Start Date"). 25% of the shares underlying the options shall vest on the first anniversary of the Vesting Start Date and, thereafter, 1/36 of the shares subject to the option shall vest on the first day of each month thereafter beginning with the month after the first anniversary of the Vesting Start Date.

We may also offer Preferred Stock, or other debt or equity securities, including derivative securities like options, warrants and convertible debentures or notes in the future.