

DAURA CAPITAL CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS  
(Unaudited - Expressed in Canadian Dollars)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND  
THE PERIOD FROM INCORPORATION ON MARCH 29, 2018 TO SEPTEMBER 30, 2018

#### NOTICE TO READER

The accompanying unaudited condensed interim financial statements of Daura Capital Corp. for the nine months ended September 30, 2019 and for the period from incorporation on March 29, 2018 to September 30, 2018 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These condensed interim financial statements have not been reviewed by the Company's external auditors.

**DAURA CAPITAL CORP.**  
 CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION  
 (Unaudited - Expressed in Canadian Dollars)

	September 30 2019	December 31 2018
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 237,174	\$ 116,924
Prepaid expenses	1,386	11,000
<b>TOTAL ASSETS</b>	<b>\$ 238,560</b>	<b>\$ 127,924</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 3)	\$ 62,835	\$ 21,271
<b>Total liabilities</b>	<b>62,835</b>	<b>21,271</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 4)	261,377	130,001
Reserves	56,168	-
Deficit	(141,820)	(23,348)
<b>Total shareholders' equity</b>	<b>175,725</b>	<b>106,653</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 238,560</b>	<b>\$ 127,924</b>

Nature and continuance of operations (Note 1)

Event after reporting date (Note 8)

These condensed interim financial statements were authorized for issuance by the Board of Directors on November 28, 2019.

Approved by the Board of Directors

\_\_\_\_\_ *"Mark D. Sumner"* Director

\_\_\_\_\_ *"Christina Cepeliauskas"* Director

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

**DAURA CAPITAL CORP.****CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Unaudited - Expressed in Canadian Dollars)

	Three months ended September 30 2019	Three months ended September 30 2018	Nine months ended September 30 2019	For the period from incorporation on March 29, 2018 to September 30 2018
<b>General and administrative expenses</b>				
Consulting fees	\$ -	\$ 505	\$ -	\$ 505
Investor relations	275	-	275	-
Office and administrative expenses	4,780	145	13,907	407
Professional fees	9,134	330	47,221	1,765
Share-based payments (Note 4)	41,853	-	41,853	-
Transfer agent and filing fees	10,716	-	15,216	783
<b>Loss from operations</b>	<b>(66,758)</b>	<b>(980)</b>	<b>(118,472)</b>	<b>(3,460)</b>
<b>Net loss and comprehensive loss</b>	<b>\$ (66,758)</b>	<b>\$ (980)</b>	<b>\$ (118,472)</b>	<b>\$ (3,460)</b>
Loss per share - basic and diluted	\$ (0.02)	\$ -	\$ (0.04)	\$ -
Weighted average number of shares outstanding - basic and diluted	2,882,610	-	2,695,239	-

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

**DAURA CAPITAL CORP.**  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
(Unaudited - Expressed in Canadian Dollars)

	For the period from	
	Nine months ended	incorporation on March 29, 2018 to September 30
	September 30	2018
	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (118,472)	\$ (3,460)
Items not affecting cash:		
Share-based payments	41,853	-
Net change in non-cash working capital items		
Receivables	-	(665)
Prepaid expenses	9,614	(4,985)
Accounts payable and accrued liabilities	41,564	7,630
<b>Net cash used in operating activities</b>	<b>(25,441)</b>	<b>(1,480)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Shares issued	200,000	-
Subscriptions received in advance	-	100,000
Share issue costs	(54,309)	-
<b>Net cash provided by financing activities</b>	<b>145,691</b>	<b>100,000</b>
<b>Change in cash</b>	<b>120,250</b>	<b>98,520</b>
<b>Cash, beginning of period</b>	<b>116,924</b>	<b>-</b>
<b>Cash, end of period</b>	<b>\$ 237,174</b>	<b>\$ 98,520</b>

Supplemental disclosure with respect to cash flows (Note 6)

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

**DAURA CAPITAL CORP.**

CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited - Expressed in Canadian Dollars)

	Number of shares	Share capital	Deficit	Total shareholders' equity
<b>Balance as at incorporation on March 29, 2018</b>	-	\$ -	\$ -	-
Incorporation share issued	1	1	-	1
Loss for the period	-	-	(3,460)	(3,460)
<b>Balance as at September 30, 2018</b>	1	\$ 1	\$ (3,460)	\$ (3,459)

	Number of shares	Share capital	Share-based payments reserve	Deficit	Total shareholders' equity
<b>Balance as at December 31, 2018</b>	2,600,001	\$ 130,001	\$ -	\$ (23,348)	\$ 106,653
IPO shares issued	2,000,000	200,000	-	-	200,000
Shares issue costs	-	(68,624)	-	-	(68,624)
Share-based payments	-	-	56,168	-	56,168
Loss for the period	-	-	-	(118,472)	(118,472)
<b>Balance as at September 30, 2019</b>	4,600,001	\$ 261,377	\$ 56,168	\$ (141,820)	\$ 175,725

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

## DAURA CAPITAL CORP.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND THE PERIOD FROM INCORPORATION ON MARCH 29, 2018 TO SEPTEMBER 30, 2018

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#### 1. NATURE AND CONTINUANCE OF OPERATIONS

Daura Capital Corp. (the "Company") has completed an Initial Public Offering ("IPO") and it has been classified as a Capital Pool Company as defined in the TSX Venture Exchange (the "Exchange" or "TSX-V") Policy 2.4. The Company will not carry on any business other than the identification and evaluation of assets or businesses with a view of completing a Qualifying Transaction under the policies of the TSX-V. The Company was incorporated as a private company by Certificate of Incorporation issued pursuant to the provisions of the British Columbia Business Corporations Act on March 29, 2018. The Company's common shares are listed on the TSX-V under the symbol "DUR". The Company's head office, registered, and records office address is 704 - 595 Howe Street, Vancouver, British Columbia, Canada.

The Company has an accumulated deficit of \$141,820 (December 31, 2018 - \$23,348) as at September 30, 2019. The Company's continuing operations are dependent upon its ability to identify and evaluate assets or businesses potential for acquisition or participation by completing a Qualifying Transaction, as defined in Exchange Policy 2.4, within 24 months of listing on the TSX-V. Any acquisition or investment proposed by the Company will be subject to regulatory approval. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### **Basis of preparation and measurement**

These unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, certain disclosures included in the annual financial statements prepared in accordance with IFRS have been condensed or omitted. These unaudited condensed interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2018.

The accounting policies applied in the preparation of these unaudited condensed interim financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the year ended December 31, 2018. The Company's interim results are not necessarily indicative of its results for a full year.

##### **Accounting standard adopted during the period**

###### *Adoption of IFRS 16 Leases*

Effective January 1, 2019, the Company has adopted IFRS 16 Leases ("IFRS 16") using the modified retrospective application method, where the 2018 comparatives are not restated and the cumulative effect of initially applying IFRS 16 has been recorded on January 1, 2019 for any differences identified, including adjustments to opening retained earnings balance.

IFRS 16 introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset ("ROU asset") and a lease liability at the lease commencement for all leases, except for short-term leases (lease terms of 12 months or less) and leases of low value assets.

## DAURA CAPITAL CORP.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

### Accounting standard adopted during the period (cont'd...)

#### *Adoption of IFRS 16 Leases (cont'd...)*

In applying IFRS 16 for all leases, except as noted above, the Company (a) recognizes the ROU asset and lease liabilities in the statement of financial position, initially measured at the present value of future lease payments; (b) recognizes the amortization of ROU assets and interest on lease liabilities in the consolidated statement of income; and (c) separates the total amount of cash paid into principal and interest portions in the consolidated statement of cash flows.

The Company has made use of the following practical expedients available on transition to IFRS 16:

- Measure the ROU assets equal to the lease liability calculated for each lease;
- Apply the recognition exemptions for low value leases and leases that end within 12 months of the date of initial application, and account for them as low value and short-term leases, respectively;
- Accounting for non-lease components and lease components as a single lease component.

In transitioning to IFRS 16, the Company analyzed its contracts to identify whether they are or contain a lease arrangement. As a result, the Company has determined that the requirements under the new standard do not impact these financial statements.

#### *New accounting policy for leases under IFRS 16*

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognizes a ROU asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, at the commencement of the lease, with the following exceptions: (a) the Company has elected not to recognize ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months, or (b) for leases of low value. The payments for such leases are recognized in the consolidated statement of income on a straight-line basis over the lease term.

The ROU asset is initially measured based on the present value of lease payments, lease payments made at or before the commencement day, and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The ROU asset is amortized over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments include fixed payments less any lease incentives, and any variable lease payments where variability depends on an index or rate. When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the ROU asset and lease liability. The related payments are recognized as an expense in the period in which the triggering event occurs and are included in the consolidated statement of income.

## DAURA CAPITAL CORP.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

(Unaudited - Expressed in Canadian Dollars)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND THE PERIOD FROM INCORPORATION ON MARCH 29, 2018 TO SEPTEMBER 30, 2018

#### 3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30 2019	December 31 2018
Accounts payable	\$ 52,835	\$ 10,271
Accrued liabilities	10,000	11,000
	\$ 62,835	\$ 21,271

#### 4. SHARE CAPITAL

Authorized share capital consists of an unlimited number of common shares and preferred shares without par value. As at September 30, 2019, 2,600,001 common shares of the Company were held in escrow and to be released over three years.

##### Issued share capital

During the period from incorporation on March 29, 2018 to December 31, 2018, the Company issued 2,600,000 common shares at a weighted average price of \$0.05 for proceeds of \$130,000 and one incorporation share at a price of \$1 for a total of 2,600,001 common shares and total proceeds of \$130,001. The common shares are held in escrow, 10% of which were released upon issuance of the Final Exchange Bulletin (the "Initial Release"), and an additional 15% every six months thereafter over the three years following the Initial Release.

During the nine months ended September 30, 2019, the Company completed its IPO and issued 2,000,000 common shares at \$0.10 per share for gross proceeds of \$200,000. In addition to the 200,000 agent's options issued to Leede Jones Gable Inc. (the "Agent"), the Company paid \$54,309 of share issue costs.

##### Stock options

The Company has adopted an incentive stock option plan (the "Plan") which provides that the board of directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares at closing until the completion of a Qualifying Transaction and thereafter 10% of the issued and outstanding common shares. In connection with the foregoing, the number of common shares reserved for issuance to any individual director or officer will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding common shares. Stock options may be exercised the greater of 12 months after completion of a Qualifying Transaction and 90 days following cessation of the optionee's position with the Company, provided that if the cessation of office, directorship, or technical consulting arrangement was reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. Subject to earlier termination, all stock options granted under the Plan will expire not later than the date that is ten years from the date of the grant. Any common shares acquired pursuant to the exercise of stock options prior to completion of a Qualifying Transaction, must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued.

During the nine months ended September 30, 2019, the Company granted 460,000 stock options to the management and directors of the Company, where each option is exercisable at \$0.10 per common share for five years. These stock options were valued at \$41,853 using the Black-Scholes option pricing model with following inputs: an exercise price of \$0.10; a risk-free interest rate of 1.47%; an expected life of 5 years and an expected volatility of 150%.

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#### 4. SHARE CAPITAL (cont'd...)

##### Share purchase warrants and agent's options

During the nine months ended September 30, 2019, the Company issued 200,000 non-transferable agent's options to the Agent, where each agent's option is exercisable at \$0.10 per common share for two years. These agent's options were valued at \$14,315 using the Black-Scholes option pricing model with following inputs: an exercise price of \$0.10; a risk-free interest rate of 1.61%; an expected life of 2 years and an expected volatility of 150%.

#### 5. RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. The Company has identified its directors and officers as its key management personnel. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

	Salary or fees	Share-based payments	Total
<b>For the nine months ended September 30, 2019</b>			
Management	\$ -	\$ 16,741	\$ 16,741
Directors	-	25,112	25,112
	\$ -	\$ 41,853	\$ 41,853

For the period from incorporation on March 29, 2018 to September 30, 2018, there was no compensation to management personnel.

As at September 30, 2019, the Company had \$4,985 (December 31, 2018 - \$4,985) due to management related to expense reimbursements, which have been included in accounts payable and accrued liabilities.

#### 6. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the nine months ended September 30, 2019, the Company issued 200,000 agent's options, valued at \$14,315, in connection to its IPO (Note 4).

There were no significant non-cash investing activities for the period from incorporation on March 29, 2018 to September 30, 2018.

#### 7. FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows:

	September 30 2019	December 31 2018
<b>Financial assets - Amortized cost:</b>		
Cash	\$ 237,174	\$ 116,924
<b>Financial liabilities - Amortized cost:</b>		
Accounts payable and accrued liabilities	\$ 62,835	\$ 21,271

## DAURA CAPITAL CORP.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

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## 7. FINANCIAL INSTRUMENTS (cont'd....)

### Fair value

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- a) Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- b) Level 2 - Inputs other than quoted prices that are observable for assets or liabilities, either directly or indirectly; and
- c) Level 3 - Inputs for assets and liabilities that are not based on observable market data.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. The carrying value of cash and accounts payable and accrued liabilities approximated their fair value because of the short-term nature of these instruments.

### Capital risk management

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at September 30, 2019, the Company had a working capital of \$175,725 (December 31, 2018 - \$106,653). The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its ongoing liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that no more than the lesser of 30% of the gross proceeds from the issuance of common shares may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the Exchange Policy 2.4.

### Credit risk

Credit risk is the risk of loss arising from a customer or third party to a financial instrument failing to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash. The Company limits exposure to credit risk by maintaining its cash with large financial institutions.

### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures there is sufficient capital to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash as well as anticipated proceeds from the proposed financing. The Company believes that these sources are sufficient to cover the likely short-term cash requirements, but that further funding will be required to meet long-term requirements. All the Company's financial liabilities are settled within one year.

**DAURA CAPITAL CORP.**

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

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FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND THE PERIOD FROM INCORPORATION ON MARCH 29, 2018 TO SEPTEMBER 30, 2018

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**8. EVENT AFTER REPORTING DATE**

Subsequent to September 30, 2019, the Company entered into a letter of intent (the "LOI") with Estrella Gold S.A.C. ("Estrella"), a private company incorporated under the laws of Peru, whereby the Company shall have the exclusive right to acquire a 100% interest in Estrella (the "Interest") by way of a share exchange with existing shareholders of Estrella (the "Vendors"). As consideration for the Interest, the Company will issue to the Vendors an aggregate 3,000,000 common shares of the Company. In connection with the LOI, the Company has agreed to advance up to \$100,000 to Estrella, of which \$25,000 has been advanced to Estrella to fund exploration work and making an option payment to acquire the Antonella Gold Project in Peru. The remaining \$75,000 to be advanced will be in the form of a secured loan repayable to the Company, subject to certain terms and conditions.