

DAURA CAPITAL CORP.

FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Daura Capital Corp.

Opinion

We have audited the accompanying financial statements of Daura Capital Corp. (the "Company"), which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years ended December 31, 2020 and 2019, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which indicates that the Company incurred a net loss of \$180,076 during the year ended December 31, 2020 and, as of that date, the Company had an accumulated deficit of \$369,489. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Glenn Parchomchuk.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

April 29, 2021

DAURA CAPITAL CORP.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	December 31 2020	December 31 2019
ASSETS		
Current assets		
Cash (Note 5)	\$ 196,257	\$ 46,548
Prepaid expenses	-	5,691
Loan receivable (Note 3)	-	76,007
Total current assets	196,257	128,246
Non-current assets		
Loan receivable (Note 3)	230,704	-
Deferred acquisition costs (Note 3)	89,451	33,282
Total non-current assets	320,155	33,282
TOTAL ASSETS	\$ 516,412	\$ 161,528
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 4)	\$ 159,412	\$ 33,396
Total liabilities	159,412	33,396
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	569,121	261,377
Subscription received in advance (Note 5)	101,200	-
Reserves	56,168	56,168
Deficit	(369,489)	(189,413)
Total shareholders' equity	357,000	128,132
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 516,412	\$ 161,528

Nature and continuance of operations (Note 1)

Event after reporting date (Note 10)

These financial statements were authorized for issuance by the Board of Directors on April 29, 2021.

Approved by the Board of Directors

"Mark D. Sumner" Director

"Christina Cepeliauskas" Director

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

DAURA CAPITAL CORP.
 STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
 (Expressed in Canadian Dollars)

	Year ended December 31, 2020	Year ended December 31, 2019
General and administrative expenses		
Consulting fees	\$ 42,364	\$ 10,743
Office and administrative expenses	74,539	27,865
Investor relations	1,735	955
Professional fees	42,442	69,085
Share-based payments (Note 5)	-	41,853
Transfer agent and filing fees	25,327	15,800
Loss from operations	(186,407)	(166,301)
Interest income	7,520	1,007
Foreign exchange loss	(1,189)	(771)
Net loss and comprehensive loss	\$ (180,076)	\$ (166,065)
Loss per share - basic and diluted	\$ (0.07)	\$ (0.29)
Weighted average number of shares outstanding - basic and diluted	2,678,102	575,342

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

DAURA CAPITAL CORP.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Year ended December 31, 2020	Year ended December 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (180,076)	\$ (166,065)
Items not affecting cash:		
Share-based payments	-	41,853
Interest income	(7,520)	(1,007)
Net change in non-cash working capital items		
Prepaid expenses	5,691	5,309
Accounts payable and accrued liabilities	95,669	12,125
Net cash used in operating activities	(86,236)	(107,785)
CASH FLOWS FROM INVESTING ACTIVITIES		
Deferred acquisition costs	(25,822)	(33,282)
Loan to Estrella Gold S.A.C.	(147,177)	(75,000)
Net cash used in investing activities	(172,999)	(108,282)
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued	328,800	200,000
Subscriptions received in advance	101,200	-
Share issue costs	(21,056)	(54,309)
Net cash provided by financing activities	408,944	145,691
Change in cash	149,709	(70,376)
Cash, beginning of year	46,548	116,924
Cash, end of year	\$ 196,257	\$ 46,548

Supplemental disclosure with respect to cash flows (Note 7)

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

DAURA CAPITAL CORP.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Number of shares	Share capital	Subscription received in advance	Share-based payments reserve	Deficit	Total shareholders' equity
Balance as at December 31, 2018	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 year	-	-	-	-	(166,065)	(166,065)
Balance as at December 31, 2019	4,600,001	261,377	-	56,168	(189,413)	128,132
Private placements	2,454,667	328,800	-	-	-	328,800
Share issue costs	-	(21,056)	-	-	-	(21,056)
Subscription received	-	-	101,200	-	-	101,200
Loss for the year	-	-	-	-	(180,076)	(180,076)
Balance as at December 31, 2020	7,054,668	\$ 569,121	\$ 101,200	\$ 56,168	\$ (369,489)	\$ 357,000

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

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 incurred a loss during the year of \$180,076 (2019 - \$166,065) and has an accumulated deficit of \$369,489 (2019 - \$189,413) as at December 31, 2020. 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.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation and measurement

The financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These financial statements have been prepared on a historical cost basis, except for financial instruments, which have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Foreign currency translation

These financial statements are presented in Canadian dollars, unless otherwise noted. The functional currency of the Company is the Canadian dollar, which is the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgements to determine the primary economic environment.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the reporting date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of loss and comprehensive loss.

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

Financial instruments

Financial instruments consist of financial assets and financial liabilities and are initially recognized at fair value along with, in the case of a financial asset or liability not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit and loss.

The Company classifies its financial assets and financial liabilities in the following measurement categories:

- a) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- b) those to be measured at amortized cost.

The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income.

Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). Any fair value changes due to credit risk for liabilities designated at fair value through profit and loss are recorded in other comprehensive income.

The Company has implemented the following classifications for financial instruments:

- a) cash is classified as an asset at fair value and any changes to fair value subsequent to initial recognition are recorded in profit or loss for the period in which they occur; and
- b) accounts payable and accrued liabilities are classified as other financial liabilities and are measured at amortized cost using the effective interest rate method. Interest expense is recorded in profit or loss, as applicable.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Impairment of financial assets

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The Company's sole financial asset is cash and, accordingly, does not hold any financial assets measured at amortized cost.

Deferred acquisition costs

Costs incurred or accrued prior to the execution and closing of an acquisition are deferred. Deferred costs are re-allocated to long-lived assets upon signing of a definitive agreement. If management determines not to proceed with a proposed acquisition, the deferred costs are expensed at that time.

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

Loss per share

The Company presents basic loss per share data for its common shares, calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of common shares issued and outstanding during the period. All of the escrow shares are considered contingently returnable until the Company completes a Qualifying Transaction and, accordingly, are not considered to be outstanding shares for the purposes of the loss per share calculation. Diluted loss per share is calculated by adjusting the loss attributable to equity holders and the weighted average number of common shares outstanding for the effects of all potentially dilutive common shares. The calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. In periods where a loss is reported, diluted loss per share is the same as basic loss per share as the effects of potentially dilutive common shares would be anti-dilutive.

Share-based payments

The Company may grant stock options to acquire common shares of the Company to directors, officers, employees, and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee.

Stock options granted to directors, officers, and employees are measured at their fair values determined on their grant date, using the Black-Scholes option pricing model, and are recognized as an expense over the vesting periods of the options on a graded basis. Options granted to consultants or other non-insiders are measured at the fair value of goods or services received from these parties, or at their Black-Scholes fair values if the fair value of goods or services received cannot be measured. A corresponding increase is recorded to equity reserves for share-based payments recorded.

When stock options are exercised, the cash proceeds along with the amount previously recorded as equity reserves are recorded as share capital. When the right to receive options is forfeited before the options have vested, any expense previously recorded is reversed.

Income taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the statement of loss and comprehensive loss.

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and losses carried forward. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

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

Income taxes (cont'd...)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Critical accounting estimates and judgments

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Information about significant areas of estimation uncertainty and judgments made by management in preparing the financial statements are described below. The preparation of financial statements in conformance with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

a) Income taxes

The determination of the ability of the Company to utilize tax loss carry-forwards to offset deferred tax liabilities requires management to exercise judgment and make certain assumptions about the future performance of the Company. Management is required to assess whether it is probable that the Company will benefit from these prior losses and other deferred tax assets. Changes in economic conditions, metal prices and other factors could result in revisions to the estimates of the benefits to be realized or the timing of utilizing the losses.

3. **LOANS RECEIVABLE AND DEFERRED ACQUISITION COSTS**

In October 2019, the Company entered into a letter of intent ("LOI") with the shareholders of Estrella Gold S.A.C. ("Estrella") to acquire all issued and outstanding common shares of Estrella for 3,000,000 common shares of the Company. The transaction contemplated in the LOI is subject to completion of due diligence, a concurrent financing between \$500,000 and \$2,000,000, approval of the TSX-V, and other conditions contained in the LOI. In connection with the acquisition, during the year ended December 31, 2020, the Company advanced US\$115,000 or \$147,177 (2019 - \$75,000) as a refundable deposit in the form of a secured loan, subject to an interest rate of 10% per annum. As at December 31, 2020, the Company has accrued interest of \$8,527 (2019 - \$1,007) on the outstanding balance. In addition, as at December 31, 2020, the Company has advanced US\$25,000 or \$33,282 (2019 - \$33,282 or \$US25,000) as a non-refundable deposit upon the execution of the LOI and has incurred other expenditures of \$56,169 (2019 - \$Nil) cumulatively relating to the contemplated transaction with Estrella, which have been recorded as deferred acquisition costs.

DAURA CAPITAL CORP.
 NOTES TO THE FINANCIAL STATEMENTS
 (Expressed in Canadian Dollars)
 FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31 2020	December 31 2019
Accounts payable	\$ 136,649	\$ 18,396
Accrued liabilities	22,763	15,000
	\$ 159,412	\$ 33,396

5. SHARE CAPITAL

Authorized share capital consists of an unlimited number of common shares and preferred shares without par value. As at December 31, 2020, 2,600,001 (2019 - 2,600,001) common shares of the Company were held in escrow, 10% of which are to be released upon issuance of the Final Exchange Bulletin (the "Initial Release") and an additional 15% every six months thereafter, over three years following the Initial Release.

Issued share capital

In December 2020, the Company completed a non-brokered private placement for total proceeds of \$250,000, whereby 1,666,667 common shares of the Company were issued at a price of \$0.15 per share. The Company also received additional proceeds of \$101,200 which has been recorded as subscriptions in received advance and expected to be part of the next private placement to be completed by the Company. The Company incurred total share issue costs of \$21,056.

In March 2020, the Company completed a non-brokered private placement for total proceeds of \$78,800, whereby 788,000 common shares of the Company were issued at a price of \$0.10 per share.

In September 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.

DAURA CAPITAL CORP.
NOTES TO THE FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

5. SHARE CAPITAL (cont'd...)

Stock options (cont'd...)

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.

There were no changes to the number of stock options outstanding for the year ended December 31, 2020.

During the year ended December 31, 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 the 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%.

As at December 31, 2020, the weighted average remaining life of the outstanding stock options was 3.72 (2019 - 4.72) years. The Company's outstanding stock options as at December 31, 2020 are as follows:

Expiry date	Exercise price	Outstanding	Exercisable
September 17, 2024	\$ 0.10	460,000	460,000

Share purchase warrants and agent's options

There were no changes to the number of share purchase warrants and agent's options outstanding for the year ended December 31, 2020.

During the year ended December 31, 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%.

As at December 31, 2020 the weighted average remaining life of the outstanding share purchase warrants and agent's options was 0.71 (2019 - 1.72) years. The Company's outstanding share purchase warrants and agent's options as at December 31, 2020 are as follows:

Expiry date	Exercise price	Outstanding
September 17, 2021	\$ 0.10	200,000

DAURA CAPITAL CORP.
NOTES TO THE FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

6. 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.

For the year ended December 31, 2020, there was no compensation to management personnel.

For the year ended December 31, 2019	Salary or fees	Share-based payments	Total
Management	\$ -	\$ 16,741	\$ 16,741
Directors	-	25,112	25,112
	\$ -	\$ 41,853	\$ 41,853

For the year ended December 31, 2020, the Company paid or accrued \$60,000 (2019 - \$20,000) to Seabord Services Corp. ("Seabord"). Seabord provides the following services to the Company: A Chief Financial Officer ("CFO"), a Corporate Secretary, accounting and administration staff, office space, and any related work to the IPO and Qualifying Transaction of the Company. The CFO and Corporate Secretary are employees of Seabord and are not paid directly by the Company.

As at December 31, 2020, the Company had \$4,985 (2019 - \$4,985) due to an officer of the Company related to expense reimbursements, and \$47,250 (2019 - \$9,975) due to Seabord which have been included in accounts payable and accrued liabilities.

7. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

As at December 31, 2020, \$30,347 (2019 - \$Nil) of deferred acquisition costs were included in accounts payable and accrued liabilities.

During the year ended December 31, 2019, the Company issued 200,000 agent's options, valued at \$14,315, in connection to its IPO (Note 5).

8. FINANCIAL INSTRUMENTS

The Company classified its financial instruments as follows:

	December 31 2020	December 31 2019
Financial assets - Amortized cost:		
Cash	\$ 196,257	\$ 46,548
Loan receivable	230,704	76,007
Financial liabilities - Amortized cost:		
Accounts payable and accrued liabilities	\$ 159,412	\$ 33,396

8. FINANCIAL INSTRUMENTS (cont'd...)

Fair value

Financial instruments recorded at fair value on the statements 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. The fair values of the Company's loan receivable is approximated by its carrying values as its interest rate is comparable to current interest rates.

Capital risk management

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at December 31, 2020, the Company had a working capital of \$36,845 (2019 - \$94,850). 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 further funding will be required to meet long-term requirements. All the Company's financial liabilities are to be settled within one year.

DAURA CAPITAL CORP.
 NOTES TO THE FINANCIAL STATEMENTS
 (Expressed in Canadian Dollars)
 FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

9. INCOME TAXES

Income tax expense differs from the amount that would result from applying Canadian income tax rates to earnings before income taxes. These differences result from the following items:

	Year ended December 31, 2020	Year ended December 31, 2019
Loss before income taxes	\$ (180,076)	\$ (166,065)
Canadian federal and provincial income tax rates	27.00%	27.00%
Expected income tax recovery at statutory income tax rate	(48,621)	(44,838)
Changes in unrecognized deductible temporary differences and other	48,621	44,838
Total income tax expense	\$ -	\$ -

The composition of the Company's net deferred income tax asset (liability) that has been recognized is as follows:

	December 31 2020	December 31 2019
Deferred income tax assets (liabilities)		
Non-capital losses carried forward	\$ 99,762	\$ 51,142
Unrecognized deferred tax assets	(99,762)	(51,142)
Net deferred income tax asset (liability)	\$ -	\$ -

Significant components of the Company's deferred tax assets that have not been included in the statements of financial position are as follows:

	December 31 2020	Expiry date range	December 31 2019	Expiry date range
Non-capital losses	\$ 369,489	2038-2040	\$ 189,413	2038-2039

Tax attributes are subject to review and potential adjustment by tax authorities.

10. EVENT AFTER REPORTING DATE

Subsequent to December 31, 2020, the Company entered into a share exchange agreement with Estrella to acquire all issued and outstanding shares of Estrella for 3,000,000 common shares of the Company and announced a concurrent financing raising between \$2,650,000 and \$3,000,000, subject to regulatory approval.